



UPDATE

Margaret McDeed, Editor

Summer Issue 2016

DwightDarby&Company

Certified Public Accountants

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UPDATE ON MANAGING PARTNER JOHN B. BRANNAN

Many of you have kindly inquired about the health status of our Managing Partner John Brannan. We are pleased to share that he has just successfully completed his in-patient phase of a bone marrow transplant at Moffitt Cancer Center. John's sister, Becky Brannan Hatcher, was found to be a perfect match and graciously served as John's donor for much-needed stem cells.

After being in the hospital for close to four weeks, John has recently transitioned to phase two of his treatment plan. This involved moving into an apartment just minutes away from Moffitt so that he can be closely monitored and begin treatment as an out-patient. During this time, John will continue to work remotely to remain in communication with staff and clients on an ongoing basis.

Many thanks for the gracious expressions of concern for John and his family throughout his journey with Leukemia. "The support has meant a great deal to us," shared John. "It has been very humbling to receive so many words and kind acts of encouragement. We are indeed blessed."



SUMMER TRAVELS

Pam Mattox

If traveling is in your plans for this summer, you will have plenty of company. Over fifty percent more Americans say they will be taking road trips this summer. The lowest gas prices in years are driving the trend. Even with the recent increase in gas prices, consumers are paying almost \$1.50 less than they were two years ago.

As well, more Americans plan to fly this summer as airfares are expected to be the cheapest they have been in seven years. Airfares are down 12% when compared to last year alone. Lower fuel prices and competition among airline companies are behind the price decrease.



According to AAA the most popular vacation among Americans is a road trip, followed by visits to national parks, theme parks, international destinations and cruises.

National parks will be waiving their entrance fees this year from August 25-28, September 24 and November 11.

Enjoy while you are out and about this summer and be safe!

PLAN NOW, FOR NEXT YEAR'S TAXES

Dave Bove

You may be tempted to forget about your taxes once you have filed but some tax planning done now may benefit you later. Now is a good time to set up a system so you can keep your tax records safe and easy to find.

Take action when life changes occur. Some life events can change the amount of tax you owe. Examples include a change in marital status or the birth of a child. When these happen, you may need to change the amount of tax withheld from your pay. To do that, file a new Form W-4, Employee's Withholding Allowance Certificate, with your employer. You can utilize the IRS Withholding Calculator tool at IRS.gov to help you fill out the form.

Report changes in circumstances to the Health Insurance Marketplace.

If you enroll in insurance coverage through the Health Insurance Marketplace for 2016 coverage, you should report changes in circumstances to the Marketplace when they happen. Report events such as changes in your income or family size. Doing so will help you avoid getting too much or too little financial assistance.

Keep records safe. Keep a copy of your 2015 tax return and supporting records together in a safe place. This includes W-2 Forms, Forms 1099, bank records and records of your family's health insurance coverage. If you ever need your tax return or records, it will be easier for you to get them. For example, you may need a copy of your tax return if you apply for a home loan or financial aid for college.

Stay organized. Make tax time easier. Have your family put tax records in the same place during the year. That way you won't have to search for misplaced records when you file next year.

Think about itemizing. You may be able to lower your taxes if you itemize deductions instead of taking the standard deduction. Owning a home, paying medical expenses and qualified donations to charity could mean more tax savings.



Florida Sales and Use Tax: Exemption Certificates for Nonprofit Organizations

Dawn Lopez

The Florida Department of Revenue advises that, for sales and use tax purposes, a new application for a Consumer's Certificate of Exemption (Form DR-5) is now available for use by nonprofit organizations and governmental entities. Information on who qualifies, what is exempt, and how to establish qualification is provided on the new form. Although exemption certificates expire after five years, holders of exemption certificates no longer need to reapply for a new certificate every five years. The department will review each exemption certificate 60 days before the current certificate expires, and for those nonprofit organizations and governmental entities located in Florida, the department will use available public information to determine whether the organization or entity continues to qualify for an exemption certificate. If the organization or entity continues to meet the statutory exemption criteria, a new exemption certificate will be issued. If, however, additional information is needed, a letter requesting documentation will be mailed to the organization or entity. For those nonprofit organizations and governmental entities located outside Florida, the department will mail a letter asking whether the organization or entity wishes to have their certificate renewed. The letter will also provide a list of documentation necessary for the department to renew



the exemption certificate. If the organization or entity fails to respond to the written requests for information or documentation, or the department is unable to confirm that the organization or entity continues to qualify for an exemption, a written notice denying the renewal of the exemption certificate will be mailed to the organization or entity. [Tax Information Publication, No. 16A01-03, Florida Department of Revenue, April 27, 2016](#)

Not-For-Profit Best Practices

Dawn Lopez



- Organizations that have a joint venture with a taxable entity must indicate on their Form 990 whether they have a written policy requiring them to evaluate such ventures for compliance with federal law and whether they have taken steps to safeguard their tax-exempt status with respect to such ventures.
- If your organization receives donations it should have a "Gift Acceptance Policy". Having this type of policy can assist in protecting the organization from risks, including public relations risks. For example, the policy should provide steps for protection against environmental liability prior to accepting real estate. The policy can enable the organization to handle controversial gifts, allowing it to refuse accepting a gift when appropriate.
- No policy of an organization is as critical and as potentially emotionally charged for the board or its officers as the conflict-of-interest policy. The organization needs to identify reportable transactions as described in federal and state laws. For example, private inurement provisions for charities, the intermediate sanctions provisions for excess benefits to disqualified persons, or even the self-dealing rules for private foundations. Not all conflicts of interest are bad, but they need to be identified and affirmatively considered by independent minds.

ENERGY-SAVING HOME IMPROVEMENT = TAX CREDITS FOR INDIVIDUALS

Susan Ghaly

Two residential energy credits which had expired at the end of 2014 were extended as part of the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act). This Act became law on December 18, 2015.

The first of the two credits is referred to as the “**nonbusiness energy property credit**”. This is a tax credit of up to \$500 for qualified energy-saving improvements made to a principal residence. The credit amount is equal to 10 percent of qualified energy efficiency expenditures and 100 percent of the amount paid for qualified energy property. Energy efficiency expenditures include insulation systems that reduce heat loss or gain, exterior windows and doors, and metal or asphalt roofs with heat-reduction components. Qualified energy property includes items such as central air conditioners, electric heat pumps, electric heat pump water heaters, water heaters that run on natural gas, propane or oil; and biomass fuel stoves used for heating or hot water and furnaces and hot water boilers that run on natural gas, propane, or oil.

Expenditures for vacation homes are ineligible for the “nonbusiness energy property credit”. It should also be noted that this credit is currently set to expire at the end of 2016, unless Congress extends it again.

The second of the two credits is a more generous tax credit and is referred to as the “**residential energy efficient property credit**”. This credit has been extended to cover qualifying expenditures made through 2021. For property placed in service by the end of 2019, the credit equals 30 percent of qualifying expenditures. The credit rate is reduced by a small amount for property placed in service in 2020 and 2021.

Energy Efficient Home



Important note:

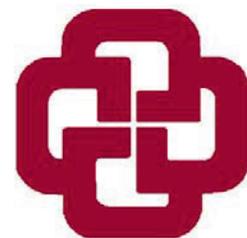
Because qualifying systems are expensive, this credit can be significant. If your credit is so large that you can't use all of it on your current-year tax return, you can carry forward any unused credit to future tax years.

Expenditures qualifying for this credit include solar water-heating equipment, solar electricity-generating equipment, wind energy equipment, and

geothermal heat pump equipment. Qualified equipment must be installed on a U.S. residence, which (unlike the credit previously discussed) can be a vacation home.

It should be noted that both of these residential energy credits require a certification from the manufacturer that the product qualifies. The certification may be on the product packaging or available on the manufacturer's website. Keep the certification along with receipts, contracts, and other documentation to prove exactly how much you spent with your tax records.

For individuals whose 2015 tax returns are on extension, there is still time to claim these credits. If you have already filed but you forgot to claim a credit for your eco-friendly home improvements, you may want to consider filing an amended return. Furthermore, there are no phase-out rules for people with higher income levels. Contact us at Dwight Darby & Company with any questions.



Foreign Earned Income Exclusion

Kurt Dimanna

Since United States citizens are taxed on their worldwide income, citizens living and working abroad should be aware of the Foreign Earned Income Exclusion. This exclusion allows you to exclude income from foreign earnings up to an amount that is adjusted annually for inflation. If electing to take the Foreign Earned Income Exclusion you must file Form 2555. The requirements needed to qualify for the exclusion from income are as follows:

- A U.S. citizen who is a bona-fide resident of a foreign country for the entire tax year
- A U.S. permanent resident alien who is a citizen of a country that has a tax treaty with the U.S. and resides in the foreign country for the entire tax year
- A U.S. citizen or resident alien who resides in a foreign country for at least 330 days of the taxable year

A bona-fide resident is one who plans to live in a foreign country for an extended time or permanently. For example, if you were to vacation or work for a short period of time in a foreign country then you would not qualify for the exclusion. But, if you were to work in a foreign country for an uninterrupted period of time, then you would qualify for the exclusion. To pass the bona-fide resident test, you would need to reside in the foreign country for the taxable year. However, you would of course be allowed to come back to the United States for visits or other business activities but would need to have clear intention to return to the foreign country in which you reside.

Another option/test available is the physical presence test. The physical presence test says that you must reside in the foreign country for a period of 330 days in a twelve-month period.

For the taxable year 2015, the maximum exclusion is \$100,800 per taxpayer and for 2016 \$101,300 per taxpayer. The amount of exclusion allowed is the lesser of foreign earned income for the year or the maximum exclusion, divided by the total number of days in the year (365 or 366), then multiplied by the number of qualifying days. It is then reduced by half of the self-employment tax if applicable. Keep in mind that special rules apply to Foreign Service and military personnel.



SUMMERTIME FUN TIPS AND TRICKS

Christina Winters

Best Burgers in Town – On Your Own Grill

Everyone loves a good burger. Below are five tips from the Grill Master, Bobby Winters, who feeds hungry firefighters in St. Pete and a house full of picky little eaters.

Start with the right mix. Freshly ground chuck (we like a coarse grind) with an 80/20 blend is perfect. Let's face it, if you are going to eat a burger, do it right! Don't get the lean meat, the 10% extra fattiness flavor is worth it. It's best not to over-work or season the meat. Add salt, pepper, and garlic, then press into patties. Make a hole or divot in the middle of the patty. Doing this helps cook the meat more evenly and the patty doesn't shrink. Put the patties in the freezer for about a ½ hour before you grill. While grilling, don't press the meat down, and only flip once. Cook burgers to your liking, medium rare is the most flavorful.



Let the burgers rest, 8-10 minutes, then dress with your favorite toppings and bun and dive-in to your own BEST BURGER IN TOWN!

Summer Ready Legs

For the ladies – while you enjoy that meaty burger- let's make sure our legs are summer ready. Here is a great summer scrub to get legs ready for summertime fun!! Why spend the money on store bought when you can make your own. Mother of 4 approved to be quick and effective.

- 2 ½ cups sugar
- 1 cup coconut oil (unrefined has that great coconut smell, and refined for those who like the benefits of coconut oil, but not the smell)
- 3 tablespoons lemon juice (or any citrus juice)

Closing Entries

ANNIVERSARIES

The following Dwight Darby & Company employment anniversaries will be occurring this summer:

John Brannan - 37 years in August

Dawn Lopez - 23 years in August

Susan Ghaly - 12 years in August

Christina Winters - 10 years in August

Tara Nichols - 4 years in August

Summertime Drink to Beat the Heat

Pam Mattox

June Bug



Ingredients: 3 cups ginger ale, 4 tablespoons grenadine, 3 tablespoons orange juice, 3 scoops orange sherbet. Blend all the ingredients together and pour into ice-filled glasses. If you want to add alcohol, white rum will blend perfectly! Enjoy!

This newsletter is published for our clients and other interested persons. Since this information may be of a technical nature, no final decision should be made without first consulting our office.

Dwight Darby & Company

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