

Important Tax Reminders



Fourth quarter 2014 individual estimated tax payments are due on January 15, 2015.

Starting in mid-January, tax forms, including W-2s and Form 1099s, begin to arrive in your mailbox. Store them in a safe place for your tax season appointment.

When Do Children Need to Pay Kiddie Tax?



Many parents believe that as soon as their children can count, it's important to introduce them to money so they can quickly learn about saving, spending and earning it. But when do children have to pay taxes on the income they earn?

Depending on your income bracket, investments can be a good tax-savings strategy. Investment income includes

interest, dividends, capital gain distributions and gains from the sale of capital assets (stock). If you plan carefully, each child's first \$1,000 of investment income will result in no tax. The next \$1,000 of investment income will be taxed at the lowest rate.

Please note that if the investment income exceeds \$2,000, and the child is under the age of 19 (age 24 if a full-time student), he or she could be subject to the "kiddie tax" rules. If your child will be subject to this tax, please let me know at the time I prepare your taxes. You can elect to include the minor child's gross income on your tax return if the child's gross income is more than \$1,000 but less than \$10,000.

The amount of gross income earned by you and your child will determine whether your child may also be subject to the Net Investment Income Tax (NIIT). NIIT is an additional 3.8% tax for high income taxpayers. High income taxpayers are defined as those who have a modified adjusted gross income (MAGI) of \$250,000 if married filing jointly, \$200,000 if single or head of household, and \$125,000 if married filing separately. NIIT is a 3.8% tax on the lesser of net investment income or the excess of the child's MAGI over a threshold amount.

Did You Know?

The sixteenth amendment, ratified on February 3, 1913, in the waning days of William Howard Taft's administration, changed the Constitution for the first time in 43 years.

Quote Corner

"Feeling gratitude and not expressing it is like wrapping a present and not giving it."

~William Arthur Ward