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Licensed to Represent Taxpayers Before the IRS

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## TAX ALERT July 2015

### DFG In The News

What is the IRS doing to combat tax-related identity theft?

Read: [The IRS Is Beefing Up Security. Will Your Taxes Be Affected?](#)

<http://finance.yahoo.com/news/irs-beefing-security-taxes-affected-113046695.html>

The link to the article is on our web site under the tab [Events and News](#).

### DFG Poll

In which format do you prefer to receive the DeFilippis Financial Group **Tax Alert** Newsletters?

- On the DFG website.
- As an attachment by email.
- Mailed to my home.

Cast your vote on our website under the Events and News tab. Click on the subheading [Take Our Poll](#).



### Joke of the Month

What's the difference between death and taxes?

Congress does not meet every year to make death worse.

Author: Unknown



## How the Affordable Care Act Will Impact Your 2015 Tax Return!

### The Individual Tax

This tax, also called the individual shared responsibility payment, began in 2014 and increases for tax year 2015. It is reported on your federal income tax return and applies when you or your dependent(s) do not have health insurance during the year and don't qualify for an exemption. For 2015, the penalty is the greater of \$325 per adult (\$162.50 per child), up to a maximum of \$975 for families, or 2% of your yearly household income above the filing threshold (capped at the price of a Bronze plan).

### Premium Tax Credit for Individuals

This federal tax credit also started in 2014 and provides a subsidy to help pay health insurance premiums. The amount you're eligible to claim depends on your income and family size.

### Net investment income surtax

This 3.8% surtax applies to net investment income — income items such as dividends, interest, capital gains, rental income, royalties, distributions from non-qualified annuities (minus related expenses) — when your adjusted gross income (AGI) exceeds certain levels. When you are married filing jointly or filing as a qualifying widow(er), the surtax applies if your AGI exceeds \$250,000. When you are filing as single or head of household, the AGI threshold is \$200,000.

### Medicare surtax on wages

This 0.9% surtax applies to your Medicare wages and compensation and self-employment income when AGI exceeds \$250,000 for married couples filing jointly and \$200,000 when you file as single, head of household or as a qualifying widow(er).

### Trivia Question

If I sell my primary residence at a gain, to avoid being taxed, I have to buy another primary residence of equal or greater value within 24 months?

FALSE. Under current law, if you owned and lived in your primary residence for at least 2 of the 5 years immediately preceding the sale, you may exclude \$250,000.00 of gain from income tax (\$550,000.00 if married filing jointly).

### Non- Tax Season Office Hours

Reception is open *Monday through Thursday* from 9:30 AM to 3:30 PM.



Friday **CLOSED**

*Saturday by appointment, when available*

Sunday **CLOSED**



Pick-up tax return appointments are required. We schedule fifteen (15) minute appointments for each return that is picked up.

*Monday – Thursday*

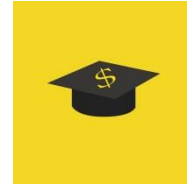
9:30 AM – 11:45 AM

1:30 PM – 3:15 PM

Friday **CLOSED**

*Saturday by appointment, when available*

Sunday **CLOSED**



### Maximize the Tax Savings You Receive From Education Account Withdrawals

Will your child be starting or returning to college at summer's end? Now is the time to plan how you will take money from your Coverdell Education Savings Accounts (ESAs) and 529 plans. Why? Tax-free treatment of these withdrawals is only available for qualifying educational expenses. Here are some important things to note that could affect the tax-free status of your withdrawal(s):

- If your child's housing will be off-campus, special rules apply for determining the amount that is considered a qualifying educational expense:

The expense for room and board qualifies only to the extent that it is not more than the greater of the following two amounts:

1. The allowance for room and board, as determined by the eligible educational institution, that was included in the cost of attendance (for federal financial aid purposes) for a particular academic period and living arrangement of the student.
2. The actual amount charged if the student is residing in housing owned or operated by the eligible educational institution.

You will need to contact the eligible educational institution for qualified room and board costs.

- The withdrawal must be made **in the same calendar year that the expense is paid**. Example: If you pay the tuition for the spring semester in December, **you must make the withdrawal prior to December 31**. If the total withdrawal amount for the calendar year isn't less than or equal to the amount you actually paid in the calendar year for qualifying educational expenses, you will have a taxable event.
- If you will be eligible to claim an education tax credit, make sure you coordinate the qualifying expenses, ESA and/or 529 withdrawal(s) and education tax benefits. For instance, two education tax credits are available for 2015: the American Opportunity Credit and the Lifetime Learning Credit. These credits are valuable because they directly reduce your federal income tax bill. To claim either credit, you have to pay qualifying education expenses. These expenses are generally the same as the ones you pay with your ESA and/or 529 plan funds. The catch? While you can claim an education credit **and** take a tax-free distribution from your 529 plan in the same year, you can't use the same expenses for both tax breaks. Mid-year tax planning for your entire pool of education expenses gives you time to adjust the overall results.



### TOP SECRET What's your password?

In an effort to protect your personal information we are adding an extra layer of security.

During your next office visit we will ask you to create a password to verify your identity by phone. Please work with our office to safeguard your information.



### Tax Return Copy Requests

A copy of your full tax return is located in the right-hand pocket of the *DeFilippis Financial Group* tax folder you received during your pick-up appointment. Additional copies are not kept on file at our office. When you contact our office to request a copy we must generate a new copy for you. Complete the form [Client Request for Additional Copy of Tax Return](#). This form is located on our website under the **Brilliant Deductions<sup>sm</sup> Tax Corner** tab or use the link: [www.defilippisfinancial.com/client-tax-forms-0](http://www.defilippisfinancial.com/client-tax-forms-0).

Please allow 1 to 2 business days to process your request. There is a charge of \$10.00, per tax year, to generate a duplicate copy (paper or electronically (PDF)) plus mailing costs, if applicable.

### Consent to Disclose Tax Return Information to a Third Party

Are you in the market for a new home or a new mortgage rate? Before you begin the lending process, call our office. The IRS tax code contains provisions that are designed to protect the confidentiality of your personal tax information and ensure that you are aware of anyone who is using or receiving your information. Consequently, your written authorization must be obtained prior to releasing information to your broker, lender or any other third party.

To provide us with the required written authorization, please print the *Consent to Disclose Tax Return Information to a Third Party* PDF document (non-fillable) located on our website under the **Brilliant Deductions<sup>sm</sup> Tax Corner** tab [www.defilippisfinancial.com/client-tax-forms-0](http://www.defilippisfinancial.com/client-tax-forms-0).

Complete and sign the form and mail with the required fee(s) to our office. Upon receipt, we will disclose the information you have requested to the third party. Please note that we must have an actual signed copy in our office before any tax information can be released.

### IRA Rollover Limit

Effective January 1, 2015, you are limited to **one IRA to IRA rollover** in any 12 month period regardless of how many IRA accounts you own at the time. Prior to this change, you were allowed to do one rollover every 12 months for each IRA you own. Trustee-to-trustee transfers can still be done as often as you like with no tax consequences.

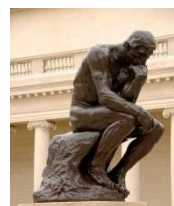
### If You Sold Real Estate, Look Out For Form 1099-S

If you sold real estate in 2015, you might receive Form 1099-S reporting the proceeds from the sale. If you receive this form, please remember to bring it to your appointment as this will have an impact on how your transaction is reported to the IRS.

### 2015 Standard Mileage Rates

Beginning on Jan. 1, 2015, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) are:

- ◆ \$0.575 per mile for business miles driven
- ◆ \$0.23 per mile driven for medical purposes
- ◆ \$0.23 per mile driven for moving purposes
- ◆ \$0.14 per mile driven in service of charitable organizations



### Words of Wisdom

Wise men speak because they have something to say; fools because they have to say something.

Plato (428 BC-348 BC), Greek philosopher

#### Tax-related email:

[admin@defilippisfinancial.com](mailto:admin@defilippisfinancial.com)

#### Investment-related email:

[defilippis@ceterafs.com](mailto:defilippis@ceterafs.com)



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### Important Dates to Remember

*Estimated tax payments due*

Tuesday, September 15, 2015

Friday, January 15, 2016

*Corporate tax return filing deadline*

**Tuesday, September 15, 2015**

*Individual tax return filing deadline*

**Thursday, October 15, 2015**

*Deadline to confirm your tax appointment*

Friday, January 15, 2016

*Please drop off your trust tax return documents by*

Tuesday, March 1, 2016 – the sooner the trust tax return is completed, the sooner I may begin preparing your individual income tax return!



### MOVING?

Complete the [Tax Client Information Change Request](#) form.

We must have your signature on file to make permanent changes to your client record. The form is located on the DeFilippis Financial Group website under the Brilliant Deductions <sup>sm</sup> Tax Corner tab, subheading Client Tax Forms or use the link:

<http://www.defilippisfinancial.com/client-tax-forms-0>.

If you do not have internet access please call our office to request the form.

**Have a pleasant summer!**



Any advice in this communication is limited to the conclusions specifically set forth herein and is based on the completeness and accuracy of the stated facts, assumptions and/or representations included. In rendering our advice, we may consider tax authorities that are subject to change, retroactively and/or prospectively, and any such changes could affect the validity of our advice. We will not update our advice for subsequent changes or modifications to the law and regulations, or to the judicial and administrative interpretations thereof.

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