

The Parm's Insider

News You Can Use

Parms & Company is a full service certified public accounting firm offering a wide range of professional services to help our clients achieve their goals. By offering quality professional services that are efficient, timely, and cost-effective, we are responsive to the needs and expectations of each client. With our expertise in accounting, auditing, tax and business consulting, we get the job done.

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Special Points of Interest:

- November 4. Daylight Savings Time ends.
- Election Day! November 6 Don't forget to vote!
- In observance of the Thanksgiving Day holiday, our office will be closed on November 22 and 23.

Important Dates To Remember:

Oct. 15, 2012	Form 1040 Deadline for individuals to file 2011 extended returns.
Nov. 15, 2012	Form 990 Final deadline for 2011 calendar year nonprofits.
Dec. 31, 2012	Income Tax Deductions Deadline for squeezing in those last minute tax deductions!

Investment Taxes Set to Rise in 2013

A provision of President Obama's health care reform package (the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010) imposes a new Medicare contribution tax on the investment income of higher-income individuals. Beginning in January 1, 2013, couples making more than \$250,000 (or individuals making \$200,000) will have to pay an additional 3.8% Medicare tax on any investment income (unearned income) they may have.

This new Medicare tax applies to traditional investment income derived from dividends, real estate investments, rents, annuities, royalties, interest, or profits from trading financial products such as stocks and bonds. This tax will be in addition to the taxes investors already pay on their investment returns – known as capital gains taxes. Furthermore, tax rates on all types of investment income are set to rise in 2013 when tax rates set under President Bush are scheduled to expire at the end of 2012.

This effectively raises the total tax on capital gains to 23.8% on long-term investments and to 43.4% for short-term investment gains, interest, and rental income.

Although the Medicare tax does not take effect until 2013, it is not too soon to determine the tax consequences to your investments of the new 3.8% Medicare tax on investment income and to examine methods to lessen the impact of the tax.

In The Spotlight *Getting to Know Parm's People*



Tim Grant, CPA
Partner

Tim has been a part of our Parm's family since June 1985.

We interviewed Tim to learn a little more about him.

Inquiring minds want to know!

- Q. Where were you born?
A. Akron, OH - When it was still the Rubber Capital of America
- Q. What was your 1st job?
A. First "official" job was a dish washer at the Brown Derby restaurant. It was a long summer!
- Q. What was the last book you read?
A. Currently reading "Heaven is for Real"
- Q. What's the #1 thing on your bucket list?
A. To make a bucket list so long it will take me another 50 years to complete it.
- Q. Favorite sports to watch?
A. Football during football season. Basketball during basketball season. Go Bucks!
- Q. Where was your last vacation?
A. St. Petersburg, Fl.
- Q. Do you have a special talent?
A. I have this whistle I do with my hands that was passed down to me by my wife's father. I've been trying to pass it along, but so far, nothing.
- Q. What was your most favorite Halloween costume as a kid?
A. I didn't like those old hard plastic masks. Just paint my face and let me go get some candy!

Work from home?

Consider Home Office Deductions



If you are self-employed and have a home office, you may be able to take a home office deduction. There are two important criteria you must meet in order to qualify for a home office deduction

and satisfy the IRS. The space must be used both regularly and exclusively for business.

The exclusivity requirement is the tough one. It means you can't use the space for personal activities. Managing your personal finances or maintaining your household accounts would sabotage the eligibility. Here are some things to consider if you intend to file a home office deduction. You may be eligible:

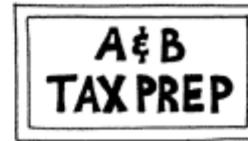
- 1) if your home office is your principal place of business. That means you physically do most of the work to earn your living in the confines of that space.
- 2) if you earn your keep on the road or provide services to people in their homes or business (e.g. a painter, plumber or computer technician), you can still qualify, if your home office is exclusively dedicated to the paperwork and administrative duties associated with your business.
- 3) if you use your home office to meet with clients.
- 4) if your office is in a separate building from your home. Setting up your office in a free-standing garage or outbuilding, could get you a tax break.

And, remember for any of the above scenarios to qualify for a home office write-off, you must use the workspace regularly and exclusively for your business.

If you meet both eligibility criteria, there are several possible write-offs you can take advantage of. Your deductions can include direct costs such as phone lines (if separate) and premiums for home-office riders on insurance policies or indirect costs relating to a percentage of expenses involving your entire home (such as mortgage interest and property tax).

The home-office deduction is primarily intended for self-employed people. It is more difficult for employees to qualify for the home-office deduction. Your work-at-home status must be for the convenience of the employer, not the employee. If you telecommute by choice you don't qualify for any home-office tax breaks.

For more details on the above, and for the most up-to-date information on home-office deductions, give us a call.



"Even if your dog does do 'his business' in your basement, you still can't deduct it as office space."

"What I do today is important because I'm exchanging a day of my life for it."

- Anonymous -

FUN FACTS ABOUT

PUMPKINS!



DID YOU KNOW...

A pumpkin is really a squash? It is! It's a member of the Cucurbita family which includes squash and cucumbers.

Pumpkins are grown all over the world? Six of the seven continents can grow pumpkins including Alaska! Antarctica is the only continent that they won't grow in.

The "pumpkin capital" of the world is Morton, Illinois? This self-proclaimed pumpkin capital is where you'll find the home of the Libby Corporation's pumpkin industry.

ALSO...

The largest pumpkin pie ever made was over five feet in diameter and weighed over 350 pounds.

The largest pumpkin ever grown weighed 1,140 pounds. Hmm. I wonder if they used this pumpkin to make that pie?

1.5 BILLION pounds of pumpkins are produced every year!