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JULY 2014

Wedding plans should include some tax planning

Ask the typical summer bride and groom what's included in the wedding plans, and they probably won't mention a thorough tax review. Yet, the tax and financial aspects of getting married are not to be taken lightly. Consider the following issues:

- **Tax penalties.** Marriage causes many tax regulations to take effect retroactively; that is, if you are married as of December 31, some rules apply as if you were married for the entire year. For instance, the total annual wages of both spouses are combined on a joint return regardless of when the wedding took place. Because two wage-earners filing jointly will often pay more tax than if they filed as singles, this can cause a tax problem that needs to be addressed. You may need to increase your withholding or estimated tax payments, or you could face penalty and interest charges on underpaid taxes.

Marriage can affect deductions too. Combined incomes can reduce itemized deductions, such as medical expenses and casualty losses, by raising adjusted gross income (AGI). So, if one spouse has significant medical expenses, filing jointly might reduce their tax deduction. Overall itemized deductions are further reduced when AGI for 2014 exceeds \$305,050. If your combined incomes exceed this amount, you might see a noticeable decline in your allowable deductions.

- **Tax benefits.** But marriage also has its tax advantages. A wage-earning spouse can make an additional \$5,500 IRA contribution for an unemployed spouse.

Married homeowners also get double the gain exclusion, from \$250,000 to \$500,000, when selling their home. The only catch is that both spouses must have lived in the home for two years, and neither spouse can have used the exclusion in the previous two years. Clearly, couples that own a home should carefully plan future sales to take advantage of this tax break.

Estate taxes can be lightened by marriage, with a doubling of the exemption amount. Also, married taxpayers can jointly make tax-free gifts of up to \$28,000 per year, double the amount a single taxpayer can make.

Wedding bells may be ringing soon, but before you walk down the aisle, consider an analysis of the tax and financial issues in marriage. It may just be the most important item in your wedding plans.

Trademark, Patent, or Copyright? What is the difference?

Why should your small business care about getting protection for your intellectual property? Many very successful medium to large businesses started out small. Their patents, trademarks, and copyrights are keeping others from infringing on their markets. The search and registration for these legal protections might also let you know whether or not you are infringing on others' rights before you invest time and money in a name, product, or process.

- **Patent.** A patent for your invention is issued by the U.S. Patent and Trademark Office. A patent gives you the right to exclude others from making, using, selling, or importing your invention for a period of twenty years. If you are looking to obtain a patent, you are well advised to engage the services of an attorney.
- **Copyright.** A copyright is protection for literary, dramatic, artistic, musical, and other published or unpublished intellectual works. The current copyright law in the United States, generally gives the owner of a copyright the exclusive right to the use of the copyrighted work for his life plus seventy years.
- **Trademark.** A trademark (TM) is also known as a servicemark (SM) when it refers to a service instead of a product. A “mark” can be a word, phrase, or symbol that is used to distinguish the source of your goods or services from that of others.

Obtaining a patent, copyright, or trademark does not grant you the use of an Internet URL. You would be wise to secure your URL early on in the planning process.

You may save yourself time and money by engaging expert legal assistance to protect your intellectual property rights.

Review your business credit policies

There are many ways to make your business more profitable, and sound credit policies are high on the list. Keep the following items in mind as you review your company’s policies.

- Don’t be so eager to sign on new customers that you neglect to check out their credit history. Take the time to check references, and obtain a credit report to see how they’ve handled other financial transactions.
- Establish collection policies and follow up promptly on delinquent accounts. The more overdue accounts become, the more likely they are to become uncollectable. That cuts into your profits.
- Calculate what it costs to carry credit for your customers. For example, if your business generates \$1,000 per day in credit sales, and it takes you an average of 60 days to collect, your cost of providing credit to your customers is \$6,000 per year. This example assumes you can borrow money at 10% interest. By speeding up the average collection to 30 days, you cut your carrying costs by half.
- To speed collections, invoice customers when you ship the goods; don’t wait until the end of the month. Make sure your invoice clearly shows your payment terms, including penalties for late payment and the discount, if any, for prompt payment.

Sound credit policies and adhering to those policies enhance your chances for business survival, especially when the economy slows down. Call us to review your policies or to set policies in place to help make your business more profitable.

Tax filing reminder

July 31 is the deadline for filing 2013 retirement or employee benefit returns (5500 series) for plans on a calendar year