Welcome to Craft, Noble and Company's e-news update -- your quarterly brief on the most up-to-date tax talk and advice.

Tax season is now upon us and it is important to be aware of changes that have happened in the tax world. Whether you are seeking tax preparation assistance, business planning or other financial services, turn to Craft, Noble and Company for expert advice and service. We look forward to working with you in 2013.

**Major Tax Deadlines**

**For January 2013**

* **January 31** Employers must provide 2012 W-2 statements to employees.
* **January 31** Payers must provide 2012 Form 1099s to payees. (Brokers have until February 15 to provide Form 1099-B and consolidated statements to customers.)
* **January 31** Employers must generally file Form 941 for the fourth quarter of 2012 and pay any tax due.
* **January 31** Employers must generally file 2012 federal unemployment tax returns and pay any tax due.

**NOTE:** Businesses are required to make federal tax deposits on dates determined by various factors that differ from business to business.

**Payroll tax deposits:** Employers generally must deposit Form 941 payroll taxes (income tax withheld from employees' pay and both the employer's and employees' share of social security taxes) on either a monthly or semiweekly deposit schedule. There are exceptions if you owe $100,000 or more on any day during a deposit period, if you owe $2,500 or less for the calendar quarter, or if your estimated annual liability is $1,000 or less.

* **Monthly depositors** are required to deposit payroll taxes accumulated within a calendar month by the fifteenth of the following month.
* **Semiweekly depositors** generally must deposit payroll taxes on Wednesdays or Fridays, depending on when wages are paid.

For more information on tax deadlines that apply to you or your business, contact Craft, Noble & Company PLLC.

**What’s New: Health Care Reform**

Several provisions in the 2010 health care reform legislation go into effect this year. Here are some provisions that may affect you.

* **FSA limits**   
  The amount that can be contributed to a health flexible spending account (FSA) is limited to $2,500 per year, indexed annually for inflation.
* **Medical expense deduction**   
  The 7.5% income threshold for deducting unreimbursed medical expenses increases to 10% for those under age 65. Those 65 and older may continue to take an itemized deduction for medical expenses exceeding 7.5% of adjusted gross income through the year 2016.
* **Medicare tax increase**  
  The payroll Medicare tax will increase from 1.45% of wages to 2.35% on amounts above $200,000 earned by individuals and above $250,000 earned by married couples filing joint returns. The income threshold levels are not indexed for inflation.

A new 3.8% Medicare tax will be imposed on unearned income for single taxpayers with income over $200,000 and married couples with income over $250,000. Examples of unearned income are interest, dividends, royalties, rental income.

**Congress Passes Fiscal Cliff Legislation**

If you have been following all the political drama connected with the "fiscal cliff," you know that Congress finally passed legislation that dealt with the tax portion of the issue, leaving the spending half of the problem for later resolution. Here are the highlights of the new tax law, the *American Taxpayer Relief Act of 2012*.

* The Bush-era income tax rates are extended permanently for all except taxpayers whose income exceeds $400,000 (single), $425,000 (head of household) or $450,000 (married couples filing jointly). Those higher-income taxpayers will have income above the threshold amounts taxed at 39.6%, and other taxpayers will pay at rates ranging from 10% to 35%.
* Long-term capital gains and dividends for taxpayers with income in the 39.6% bracket will be taxed at a top rate of 20%. Taxpayers in the two lowest ordinary income rates (10% and 15%) will have a zero percent rate on capital gains and dividends. Those in all other brackets will continue to have a 15% rate on capital gains and dividends.
* The alternative minimum tax is permanently "fixed," with 2012 exemption amounts set at $50,600 for singles and $78,750 for couples. These amounts will be adjusted annually for inflation.
* Itemized deductions and personal exemptions will again be limited for singles with adjusted gross income exceeding $250,000 ($300,000 for married couples).
* The estate and gift tax exemption is permanently set at $5,000,000 (with annual inflation adjustments), and the top tax rate is set at 40%.
* First-year expensing for business equipment purchases is increased for 2012 and 2013 to $500,000, with a $2,000,000 investment limit. 50% bonus depreciation is extended through 2013.
* The business research and development credit and the work opportunity tax credit are extended through 2013.
* Among the tax breaks reinstated for 2012 and 2013 are the educator expense deduction, the optional deduction for state and local sales taxes, the deduction for college tuition and fees, and the income exclusion for charitable distributions from IRAs for older taxpayers.

The new law has a number of other provisions that may have an impact on your tax and business situation. For additional information, contact our office.

**What's New: A Scam-Free 2013**

Scam artists are constantly finding new ways to steal your identity and take your money. Here are five steps you can take this year to make their job more difficult.

* **Protect your computer.** Internet scams are the fastest growing type of fraud. Start your protection by installing software to guard against viruses, spyware, and other malicious bugs. These can be used to steal your personal data or direct you to bogus websites. Remember to update your protection regularly.
* **Clean out your wallet or purse.** Make sure you're not carrying PIN numbers for debit or credit cards written on a scrap of paper. If you do, anyone stealing your wallet will have open access to your accounts. Sign all your cards. Don't carry your social security card with you.
* **Delete all spam e-mails immediately,** preferably without opening them. Never click on an attachment or follow a link to a Web page unless you know the sender. List your telephone number on the national "do not call" list. If a telephone solicitor calls, ask to be put on their "do not call" list and then hang up.
* **Obtain a free copy of your credit report.** Go to [www.annualcreditreport.com](http://www.annualcreditreport.com) and order a free copy of your credit report from at least one of the three major agencies. Review it for mistakes, accounts you don't recognize, or strange credit inquiries. If you find something wrong, report it immediately.
* **Don't become a phishing victim.** "Phishing" refers to bogus e-mails or telephone calls that trick you into disclosing personal or financial information. It may be an e-mail claiming to be from your bank, a retailer, or a government agency. They may ask you to update account information. Or it could be a call from someone claiming to be a bank security officer, who wants to confirm your PIN. Never reveal personal data on the Internet or the phone unless you've initiated the contact and you know who you're dealing with.

By following these and other important steps, you can greatly decrease the risk of becoming a victim of a scam or crime in 2013.