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BUSINESS AND TAX PLANNING IDEAS & TIPS — DECEMBER 2015

Business Hours: Starting January 1, 2016, PPG Partners will be open 8:00 AM-5:00 PM Monday-Friday.

2015 Tax Season Up Ahead!

December 31, 2015, is just around the corner, and here at PPG Partners we are gearing up for the 2015 tax season. We look forward to continuing to be of service to you as we close out 2015 and complete your 2015 work and tax returns. As always, we appreciate your business and the ongoing relationships that have formed between you and our professionals.

We wish you a wonderful holiday season and a Happy New Year!

Paper Medical Records No Longer Taxable in Wisconsin

As the result of a decision by the Wisconsin Tax Appeals Commission on August 15, 2015, sales of paper copies of patient health care records (medical records) are no longer subject to Wisconsin sales or use tax if the medical records are sold to the patient or to a person authorized by the patient to receive the medical records.

Sales of electronic copies of patient medical records that are transmitted electronically continue to be nontaxable.

Sellers (for example, a medical practice or law firm) may file a claim for refund for sales tax paid to the Department of Revenue for sales of copies of medical records if the sale took place within the statute of limitations (generally four years from the unextended due date of the claimant's income tax return).

It is very important to note, however, that if a seller files a claim for refund for tax that was collected from buyers, the seller must return the tax and related interest refunded by the department **to each buyer from whom the tax was collected**.

After weighing the option of having to issue a refund to each buyer – and all of the administrative time, effort and materials that that would require – you should consider *not* requesting a refund. Starting now, simply **stop charging sales or use tax for paper copies of medical records**.

However, keep in mind that buyers that paid tax to a seller may request a refund directly from the seller.

Law firms may receive requests for copies of various client information. The copies of client information other than medical records *are* subject to sales tax. Therefore, when requests include medical records the charges will need to be itemized separately to show taxable and non-taxable items.

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Tax Tips for Deducting Gifts to Charity

The holiday season often prompts people to give money or property to charity. If you plan to give and want to claim a tax deduction, there are a few tips you should know before you give. For instance, you must itemize your deductions. Here are six more tips that you should keep in mind:

1. Give to qualified charities. You can only deduct gifts you give to a *qualified* charity. You can deduct gifts to churches, synagogues, temples, mosques and government agencies.

2. Keep a record of all cash gifts. Gifts of money include those made in cash or by check, electronic funds transfer, credit card and payroll deduction. You must have a bank record or a written statement from the charity to deduct any gift of money on your tax return. This is true regardless of the amount of the gift. The statement must show the name of the charity and the date and amount of the contribution. Bank records include canceled checks, or bank, credit union and credit card statements. If you give by payroll deductions, you should retain a pay stub or a Form W-2 wage statement. It must show the total amount withheld for charity, along with the pledge card showing the name of the charity.

3. Household goods must be in good condition. Household items include furniture, furnishings, electronics, appliances and linens. These items must be in at least good-used condition to claim on your taxes. A deduction claimed of over $500 does not have to meet this standard if you include a qualified appraisal of the item with your tax return. Find a Donated Goods value guide at ppgpartners.net/forms.

4. Additional records required. You must get an acknowledgment from a charity for each deductible donation (either money or property) of $250 or more. Additional rules apply to the statement for gifts of that amount. This statement is in addition to the records required for deducting cash gifts. However, one statement with all of the required information may meet both requirements.

5. Year-end gifts. Deduct contributions in the year you make them. If you charge your gift to a credit card before the end of the year it will count for 2015. This is true even if you don't pay the credit card bill until 2016. Also, a check will count for 2015 as long as you mail it in 2015.

6. Special rules. Special rules apply if you give a car, boat or airplane to charity. If you claim a deduction of more than $500 for a noncash contribution, you will need to file another form with your tax return – Form 8283. For more information contact your PPG Partners CPA or accountant.

Key Tax Deadline Looming for Ages 70-1/2 and Older

If you have or will have attained age 70-1/2 or older by December 31, you must withdraw a minimum amount from your deductible IRA and retirement accounts. These withdrawals are called Required Minimum Distributions (RMD), and they are added to your taxable income. The IRS imposes a 50 percent penalty on the amount you should have withdrawn but didn't.

If you attain age 70-1/2 by Dec. 31, you'll need to withdraw the RMD that applies to you by that date. As a practical matter, if your 70th birthday is June 30 or earlier, you'll be subject to the rules in the current year. If your 70th birthday is on or after July 1, you aren't subject to the rules until the following year. The IRS allows one exception: in the *first year only* in which you're subject to the rules, you can delay your RMD until April 1 of the following year. If you take advantage of this delay, however, you'll have two taxable withdrawals in the following year: one for the prior year and one for the current year.

The IRS rules regarding RMD are quite complex, and special situations do apply, so you should consider consulting your PPG Partners CPA or accountant for compliance guidance. Your accountant can also help you figure out how much your RMD should be.