

**Business Hours:** Starting January 1, 2015, PPG Partners is open 8:00 AM-5:00 PM Monday-Friday.

## What to Know About Small-Business Taxes for 2015

Let's take a look at some of the changes that could affect your small-business tax filing.

### New Income Tax Brackets

There are now seven income tax brackets. The brackets will also break down differently depending on your filing status. See a breakdown of the seven brackets at: [ppgpartners.net/2015-tax-brackets](http://ppgpartners.net/2015-tax-brackets)

### Payroll Taxes Increasing

Payroll (FICA) taxes consist of the Social Security tax, the Medicare tax and the new additional Medicare tax for higher-income earners. Here's what you need to know about the payroll tax:

- **Social Security tax:** 12.4 percent of earnings on income up to \$118,500
- **Medicare tax:** 2.9 percent on all earnings
- **Additional Medicare tax:** 0.9 percent on all income above \$250,000 (if married and filing jointly), \$125,000 (if married and filing separately) and \$200,000 (if filing as single or head of household).

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## When are Commuting Costs Deductible?

The cost of commuting between a taxpayer's residence and place of business is generally a nondeductible personal expense, even if business phone calls are made or a conference call is held during the commute. The Supreme Court said that the core reason why commuting expenses are not deductible is that a taxpayer makes a personal choice about where to live. However, in one ruling, the IRS recognized three exceptions to the general rule that commuting expenses are nondeductible:

1. Expenses for transportation between the taxpayer's residence and a temporary work location outside the metropolitan area where the taxpayer lives and normally works are deductible ("temporary distant workplace exception").
2. If the taxpayer has one or more "regular work locations away from the taxpayer's residence," expenses for transportation between the taxpayer's residence and a temporary work location are deductible ("regular work location exception").
3. Expenses for transportation between the taxpayer's residence (if the residence serves as the taxpayer's principal place of business) and a regular or temporary work location are deductible ("home office exception").

The taxpayer has the burden of proving that he is entitled to one of these exceptions in order to be able to deduct any commuting costs. This ruling deals only with "daily" transportation expenses, i.e., transportation expenses incurred in going from the residence to a work location, and back to the residence, within one day. It does not deal with overnight travel expenses.

(From [irs.gov](http://irs.gov))

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### **Changes to Retirement Account Contributions**

Contributions to retirement accounts are changing for 2015, and in some cases, you can put away a great deal more than you could last year.

- **SEP-IRA and solo 401(k).** The maximum contribution increases to \$53,000 for both types of accounts commonly used by small-business owners.
- **SIMPLE IRA.** The contribution limit increases to \$12,500. Anyone age 50 or older on December 31, 2015, may contribute an additional \$3,000 in “catch up” contributions.
- **401(k).** Employees may contribute up to \$18,000. Anyone age 50 or older on Dec. 31, 2015, may contribute an additional \$6,000 in “catch up” contributions.
- **IRA.** The contribution limit stays at \$5,500 with an additional \$1,000 for “catch up” contributions.

### **IRAs Limited to One Rollover Per Person Per Year**

Up until now, the IRS had allowed owners of IRA accounts to transfer the balances from one account to another account (called a “rollover”) once every 12 months without paying any interest or penalties on as many accounts as they have. A recent tax court decision changes that.

Starting in 2015, each person will be allowed to perform only one rollover every 12 months regardless of how many IRAs they have. This includes the SEP and SIMPLE IRAs popular among small-business owners. Any additional rollovers will subject the account to taxes and penalties. The only exemptions are conversion rollovers from traditional to Roth IRAs and trustee-to-trustee transfers where the account stays intact.

### **Capital Gains Taxes Expand**

Capital gains is the profits you earn from the sale of your capital assets, such as investments or property. Gains on investments held for less than one year are considered short-term gains and are lumped together with your ordinary income. Gains on investments held for more than one year receive special tax treatment. For 2015, the tax rate applied to long-term capital gains will depend on the tax bracket you fall into:

- Tax returns in the 10 and 15 percent tax brackets won't pay any capital gains taxes.
- Tax returns in the 25, 28, 33 and 35 percent tax brackets will pay 15 percent in capital gains taxes.
- Tax returns in the 39.6 percent tax bracket will pay 20 percent in capital gains taxes.

There are also several other important capital gains tax provisions to note:

- Ordinary dividends will be lumped together and taxed with ordinary income.
- Qualified dividends will be taxed at the long-term capital gains tax-rate of the taxpayer.
- The new Net Investment income tax is 3.8 percent on all investments income including capital gains. It's only triggered on tax returns that report a modified adjusted gross income of \$250,000 (if married and filing jointly), \$125,000 (if married and filing separately) and \$200,000 (if filing as single or head of household).

*(From americanexpress.com)*

### **What do Employees Want? The Top Ranked “Corporate Personality” Traits:**

According to a Randstad survey of more than 11,000 U.S. adults, honesty, reliability, and security outranked every other workplace trait workers are looking for when seeking a new employer. Additionally, although ranked lower, “The concept of work/life balance highly influences why workers remain with their current employers. When asked what would motivate them to work more years for their company, employees named ‘a more relaxed work schedule’ as the top motivator, and ‘the possibility to adapt work hours’ ranked third.”

Honesty — 78%

Reliable — 71%

Secure — 62%

Commitment to long-term employment — 55%

Well-respected — 51%

Pleasant work environment — 49%

Work/life balance commitment — 43%

A few traits that respondents didn't care about were state-of-the-art technology, environmental commitment, and willingness to take chances. *(Adapted from recruiter.com)*