

Don't Pay A Lot – If Anything – for a New Credit Card Terminal

As we discussed in last month's newsletter, effective October 1, 2015, merchants (including physician and dental practices) who accept cards containing the EMV chip should process those cards with a new chip terminal. Those that fail to do so are liable for any fraudulent transactions on the EMV chip cards, rather than the bank that issued the card. This is referred to as a "liability shift."

But a new terminal does not mean a new, exorbitant cost. Some companies are contacting doctors, using the liability shift as a tactic to scare them into paying \$500-\$600 or more for a new card reader. Don't fall for this!

You may be able to get a free, or very low-cost, terminal. Additionally, the liability shift provides an opportunity for you to review your credit card processing relationship. Are you getting the best processing fees for your credit card transactions? You should consider getting a competitive quote, which could save you thousands of dollars annually. If you are already paying discounted rates, call your credit card company and ask them to send you a free EMV chip terminal. If they refuse, consider switching to a new processing company that provides discount pricing and ask for a complimentary EMV terminal as an incentive to switch.

New IP PINs Will Be Mailed in December

Effective January 1, 2016, all taxpayers whose Social Security numbers are on a return must include their Identity Protection Personal Identification Numbers (IP PIN) on that return, if one was issued to them.

An IP PIN is a 6-digit number assigned to eligible taxpayers that allows their tax returns to be processed without delay and helps prevent the misuse of their SSNs on fraudulent Federal income tax returns. To provide relief to victims of identity theft, the IRS began issuing IP PINs to eligible taxpayers in 2011. Once a taxpayer gets an IP PIN, he must use the IP PIN to confirm his identity on his current federal tax return (and any delinquent returns filed during the calendar year). The IRS sends a new IP PIN each December by postal mail.

A taxpayer can receive an IP PIN if he meets one of the following criteria:

- He received an IP PIN last year;
- He received a CP01A (which provides an IP PIN) or CP01F (which invites the taxpayer to obtain an IP PIN) notice; or
- He filed his last tax return as a resident of FL, GA, or DC.

To get your IP PIN, you must verify your identity online. You'll need to have immediate access to your email account to receive a confirmation code. Visit ppgpartners.net/ip-pin for more information.

If you have been issued an IP PIN in the past, keep your eye out for your new IP PIN in the mail in December. Be certain to give your IP PIN to your PPG Partners CPA or Accountant so your 2015 tax return can be properly filed.

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Stay Alert for Scam Phone Calls

It may not be tax season, but tax scammers are still working. Remember that the IRS will *never*:

- Call you if you owe taxes without first sending you a bill in the mail.
- Demand that you pay taxes and not allow you to question or appeal the amount you owe.
- Require that you pay your taxes a certain way. For example, with a prepaid debit card.
- Ask for your credit or debit card numbers over the phone.

2016 Cost-of-Living Adjustments

For tax year 2016, the Internal Revenue Service has announced annual inflation adjustments. Below are some of the tax items for 2016 that may be of interest to you:

- The 39.6% tax rate affects single taxpayers whose income exceeds \$415,050 (\$466,950 for married taxpayers filing jointly), up from \$413,200 and \$464,850, respectively.
- The standard deduction for heads of household rises to \$9,300, up from \$9,250. The other standard deduction amounts for 2016 remain as they were for 2015: \$6,300 for singles and married persons filing separate returns and \$12,600 for married couples filing jointly
- The limitation for itemized deductions to be claimed on tax year 2016 returns of individuals begins with incomes of \$259,400 or more (\$311,300 for married couples filing jointly).
- The personal exemption rises \$50 to \$4,050, up from \$4,000. However, the exemption is subject to a phase-out that begins with adjusted gross incomes of \$259,400 (\$311,300 for married couples filing jointly). It phases out completely at \$381,900 (\$433,800 for married couples filing jointly.)
- The Alternative Minimum Tax exemption amount is \$53,900 and begins to phase out at \$119,700 (\$83,800, for married couples filing jointly for whom the exemption begins to phase out at \$159,700). The 2015 exemption amount was \$53,600 (\$83,400 for married couples filing jointly).

The IRS also announced cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2016. The highlights of limitations that changed from 2015 to 2016 include the following:

- For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered, the deduction is phased out if the couple's income is between \$184,000 and \$194,000, up from \$183,000 and \$193,000.
- The AGI phase-out range for taxpayers making contributions to a Roth IRA is \$184,000 to \$194,000 for married couples filing jointly, up from \$183,000 to \$193,000. For singles and heads of household, the income phase-out range is \$117,000 to \$132,000, up from \$116,000 to \$131,000.

The highlights of limitations that remain unchanged from 2015 include the following:

- The elective deferral (contribution) limit for employees who participate in 401(k) plans remains unchanged at \$18,000.
- The catch-up contribution limit for employees aged 50 and over who participate in 401(k) plans remains unchanged at \$6,000.
- The limit on annual contributions to an Individual Retirement Arrangement (IRA) remains unchanged at \$5,500. The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

Additionally, the Social Security Administration announced the following:

- The 2016 taxable wage base for the Social Security portion of FICA will remain \$118,500.