

# Lassus Wherley

*Certified Public Accountants*

## People and Puppy News

### LW News

**Awarded "Best Places To Work in New Jersey" for 5th consecutive year**

**Lassus Wherley Received the Women's Choice Award for Financial Advisors for the Second Time**

**Lassus Wherley Named to the 2015 Financial Times ("FT") 300 Top Registered Investment Advisors**

**Charles Pawlik Promoted to Investment Officer**



### Jeans For Troops Day



## Identity Theft and the IRS

We have all learned this year that identity theft, both the threat and the reality, is part of the new normal. There have been many articles and media blitzes about the internet scams, break-ins, and telephone threats that we all have either experienced or know someone close who has been a victim.

Here are the most important things to remember.

First, the IRS does not email or telephone anyone about your taxes. If the IRS wants to get in touch with you, they will contact you by regular mail. Please note that legislation passed on a proposal to allow the IRS to turn over delinquent accounts to collection agencies. Even so, never accept a phone call or threat on anything tax related.

Call us immediately on any tax-related communication and we will investigate for you. And, if you do receive correspondence of any kind, please give us a copy so we can determine whether it is important.

Second, please make sure your investment accounts are locked down. Ask the custodian for two-factor authentication. Ask to have a verbal password on accounts so no one may call impersonating you.

File your tax returns early or on time. Thieves generally file bogus returns the week before the filing deadline.



## Tax Processing Changes for 2015 Returns

In an effort to be both environmentally friendly and technologically current, we are introducing a different method for you to receive your final tax return documents in 2016. We have invested in an online storage service called File Genius, which some of you have been using successfully for some time. Our hope is to transition to a more paperless tax season while providing our clients with a value-added product. A portal is a storage space that will be set up for you. You will have a username and password. The technology allows us to easily store, view, and share files securely with you, offering you anytime, anywhere access to your documents while feeling confident that your data is always secure. Exchanging files using a client portal is far more secure than email and more convenient than using a CD, USB device, or snail mail.

We would still like to receive your tax-input documents by mail or drop-off. We will scan relevant information and return the paper documents to you. Only the tax returns and associated forms generated will be uploaded.

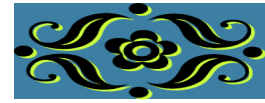
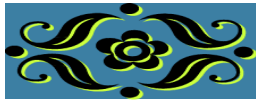


In 2016, we will have an opt-in policy, meaning that if you would like to participate in the 2016 tax season, you should contact us to discuss. We have offered the option to a limited number of clients and may be able to accept more participants. BUT, we are limiting the number of participants until we get the bugs worked out. There are always bugs! A different client service agreement will need to be signed and returned to us via email, US mail or fax. The client service agreement is the same agreement you have signed in previous years with some changes to reflect this option.

Our tax process will be identical to years past, with the exception that when your return is completed, we will upload your copy of the return to the portal, along with instructions. You can then download your return and save it to your computer, print any vouchers and return the signed e-file authorizations either by uploading them back to the portal or mailing them to us. We will also include the bill for our services in this upload. We envision keeping your returns on the portal for two years where you will continue to be able to access them at any time.

**We have a limited number of additional clients who could opt in for 2015.  
Let us know if you are interested.**





# *In Perspective*

## Is the Affordable Care Act Working?

### *The New York Times*

1. Has the percentage of uninsured people been reduced?

Yes, the number of uninsured has fallen significantly.

2. Has insurance under the law been affordable?

For many, yes, but not for all.

3. Did the Affordable Care Act improve health outcomes?

Data remains sparse except for one group, the young.

4. Will the online exchanges work better this year than last?

Most experts expect they will, but they will be tested by new challenges.

5. Has the health care industry been helped or hurt by the law?

The law mostly helped, by providing new paying patients and insurance customers.

6. *How has the expansion of Medicaid fared?*

Twenty-three states have opposed expansion, though several of them are reconsidering.

7. Has the law contributed to a slowdown in health care spending?

Perhaps, but mainly around the edges.

## Extensions To the Tax Code

### Nerd's Eye View at **KITCES**.com

#### **Permanent Provisions**

- **Qualified Distributions from an IRA to a Charity**
- **Section 179 Expense Deduction for Depreciation**
- **State & Local Sales Tax Deduction**
- **American Opportunity Credit**
- **Enhanced Child Tax credit**

#### **Extended Through 2016**

- **Exclusion for Discharged Mortgage Debt on Short Sale**
- **Deduction for Mortgage Insurance Premium**
- **Above-the-Line Deduction for Qualified Tuition and Fees**
- **50% Bonus Depreciation (Extended through 2019)**

#### **529 Plan Provisions**

- **Qualified Expenses Expanded to Include Computer and Related Costs**
- **Elimination of Plan Aggregation Rules**
- **Elimination of 529 ABLE Account In-State Residency Requirement**



## Lassus Wherley

### Protecting Assets and Information

Protecting the assets and the confidential information of our clients, employees and the firm is a fundamental responsibility of every Lassus Wherley employee and an important component of our fiduciary duty to clients.

As an SEC-Registered Investment Advisor we have instituted the following measures to address client privacy and the security of our facility and our computer network.

Policies and procedures are in place and address

- Identity Theft Protection in order to maintain the security and integrity of the data maintained or conveyed through the firm's systems.

- Workplace Information Security which recognizes the critical importance of safeguarding our clients' personal information as well as the confidential information of employees and the firm.

- Cybersecurity primarily designed to assess risk, implement protective measures and monitor network activity to avert attempted cyber incidents and take appropriate action to prevent information security breaches.

- Disaster Recovery to address steps to be taken in the case of physical loss of equipment or facilities.

The details of these programs remain confidential.

Facility Protections have been strengthened to include

- Recorded entry at all exterior doors

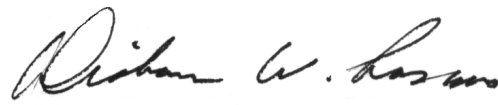
- Locked file cabinets and shelves at all interior locations

- A full premise alarm system

- Off-site system and data backups at multiple locations

In addition, Lassus Wherley employs a third-party IT vendor with experienced staff to augment the monitoring and maintenance of our IT infrastructure by our IT department personnel, 24 hours a day, seven days a week.

Ultimately, the objective is to make security part of the mindset of all our employees. Lassus Wherley provides training at a minimum annually to employees regarding security risks and responsibilities. Additional training and/or written guidance is provided to employees in response to changes in crime methodologies or an alert from the qualified custodian.





# Happenings

## Lassus Wherley



Wrapping Christmas gifts for local families being helped by the New Providence Community Service Association

Official 2015 Company Picture



Company Sponsor for Manalapan Soccer

Decorating the Christmas Tree





# Seven Crazy Taxes from the US and Abroad

## Intuit

### The “WINDOW” Tax

Although it sounds ludicrous, the Window Tax of 1696 was actually a relatively ingenious way of imposing an income tax on the rich without ever calling it that.

Affecting England, Scotland, and Great Britain, in the 18th and 19th centuries, this tax on windows was actually meant as a tax on wealth, as people with more income generally live in nicer houses, and nice houses generally have more than two windows. While this tax directly led to the bricking up of many windows, it also eventually led to a fair and less arbitrary income tax that honed-in on wealthier citizens.

### The “PLAYING CARD” Tax

There’s a reason why Alabama is not known for its casinos, and this tax may be it. Alabama is the only state in the union to issue a 10-cent playing card tax for decks of cards purchased within the state.

When compared to Nevada, a state that issues free decks of cards with every tax return filed, this tax seems quite silly. Nevertheless, Alabama citizens enjoy the revenue that is produced for highways and playgrounds. There is plenty of information on where an official playing card tax stamp can be purchased, but no explanation about the tax.

### The “GOOGLE” Tax

The Culture Ministry of France determined taxing online advertisements, such as those that appear on Google, Facebook, and Digg, will accrue up to \$29 million per annum. Microsoft, AOL, and Yahoo! will also be subject to the tax. France is eager to use this revenue to support artists and online cultural information centers for citizens of France.

According to 20 Minutes, President Nicolas Sarkozy is the pusher behind this revolutionary tax. While it currently ranks on the global oddities list, it could be enacted worldwide. Sarkozy, however, may just be playing out his vendetta with Google, as he has frequently complained that Google is “depriving” France of its culture and heritage by scanning French art for digital libraries.

### The “COW FLATULENCE” Tax

A key producer of methane, cow flatulence is a leading cause of global warming. Their slow digestion, mixed with a gas-producing diet of greens, causes excessive methane buildup. The issue is compounded by slaughterhouses, which store thousands of cows in one location, creating large clouds of methane. Neighbors and environmentalists frequently complain about the odor, as well as the negative effects on air quality.

Ireland and Denmark, along with other EU nations, have begun taxing cattle owners on cow flatulence. The “byproducts” of livestock like cows are responsible for approximately 18% of the greenhouse gases that are causing global warming, according to the Food and Agricultural Organization of the UN. Just \$18 per cow in Ireland, cow flatulence will cost Danish farmers \$110 per cow.

### The “BLUEBERRY” Tax

According to Maine, the production of wild blueberries is one of the most important agricultural industries in its state, making it necessary to protect it with a tax.

Without a tax, the precious blueberries of Maine could be over harvested. The state of Maine gets a penny and a half per pound, keeping the blueberry business in check, so that plants are able to thrive. This separate cent is applied to every pound of blueberries sold, on top of regular taxes.

### The “CANDY” Tax

Coming from Chicago, the candy tax has as much to do with semantics as it does chemistry. Who can blame them for taxing something irresistible?

For example, candies prepared with flour (like chocolates and ice cream) count as “food” and are therefore taxed normally. Candy prepared without flour (such as hard candies and suckers) are labeled “candy” and are therefore taxed an additional 5.25% merchandise rate. A similar rule holds true for soft drinks. The difference in levels of soy, milk, or fruit juice in a beverage can make a difference of 5.25% at the cash register.

### The “JOCK” Tax

California first imposed the Jock Tax back in 1991, after the Chicago Bulls beat the LA Lakers in the finals. The next time “His Airness” played in Los Angeles, the money he made on those games was officially subjected to the California State Income Tax. Since that time, half of the states in the union have adopted a Jock Tax, taking a cut from high-paid heroes and putting the added resources to work for local communities.

### Compliance Disclosure

Please remember that the newsletter content may not be directly applicable to your individual situation. In addition, due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized advice from Lassus Wherley & Associates, P.C.. Please remember to contact Lassus Wherley & Associates, P.C., in writing, if there are any changes in your personal/financial situation for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.



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## If you have a business...

### New Hires

Remember, the State of New Jersey requires employers to report information about new hires within 20 days of the date of hire. Reports will require the employee's name, address, and social security number. This is part of a federal program to track down parents and enforce child support payments.

### Electronic Deposits

**All federal tax deposits must be made by electronic funds transfer.** Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you do not want to use EFTPS (free), you can arrange for your tax professional, payroll service, or third party to make deposits on your behalf (may be subject to a fee). Some states are now requiring electronic payments as well.

### Pension Plans

The **maximum 401(k) deduction** will be **\$18,000** for employees in 2016. The catch-up provision amount is \$6,000 for taxpayers reaching age 50 by the end of 2016. The **maximum SEP and profit sharing contribution** may not exceed the lesser of 20% of self-employment income (not exceeding \$265,000) or **\$53,000**.

### Mileage Rate

The standard mileage rate for 2015 was \$0.575 per mile. The standard mileage rate for 2016 is \$0.54 per mile.

### Social Security

OASDI (Old Age, Survivor, and Disability Ins) - 6.2% (no change from 2014)

MEDICARE (Medical Hospitalization Ins) - 1.45% (no change from 2014)

<i>Social Security</i>	<i>Rate</i>	<i>Wage Base</i>	<i>Max Contribution</i>
2016 OASDI	0.062	\$118,500	\$7,347.00
2016 MEDICARE	0.0145	unlimited	unlimited

### New Jersey Unemployment/Disability/Family Leave

<i>Employee Deductions</i>	<i>Rate</i>	<i>Wage Base</i>	<i>Max Contribution</i>
2016 SUTA/EE (Unemployment)	.003825	\$32,600	\$124.70
2016 WFD/SWF(Workforce Development)	.000425	\$32,600	\$ 13.85
2016 SDI/EE (Disability)	.002	\$32,600	\$ 65.20
2016 FLI (Family Leave Act)	.0008	\$32,600	\$ 26.08
TOTAL	.00705		\$229.83