



STANISLAWSKI & COMPANY, INC.

A Certified Public Accounting and Business Consulting Firm

January - February 2013

RE: American Taxpayer Relief Act

Dear Friends of Stanislawski & Company, Inc.:

As you know, Congress at the "13th hour" passed the "American Taxpayer Relief Act" (the Act) that prevented many of the tax hikes that were scheduled to go into effect on January 1, 2013. Below is a brief summary of the provisions most likely to affect you.

1. Great News: The 50% first-year bonus depreciation for "original use qualified property" and the higher expensing limit (up to \$500,000 – subject to limitations) for the remainder of the cost has been extended through 2013.
2. The deductions and credits for tuition rules remain the same through 2013. The interest deduction on student loans has been made permanent.
3. The dependent and child care credit and the \$1,000 per child tax credit remain the same permanently.
4. Good News: The estate tax exemption for 2013 is \$5,250,000, which is higher than 2012. But the maximum tax rate rises from 35% to 40%. The "spousal portability" election for the surviving spouse to use the unused portion of the decedent's exemption is now available and permanent.
5. The gift tax exclusion for 2013 will be \$14,000. Those of you making annual gifts can give more this year!
6. Charitable contributions can still be paid directly from IRA's in 2013 if you are at least 70 ½ years old. This can avoid a "double-taxation" of IRA balances. Talk with us to see whether you should be paying your usual contributions from your IRA instead of from your personal checkbook.
7. Stanislawski & Company, Inc. continues to recommend that landlords who pay for personal services (such as an electrician, handyman, painter, etcetera) file the Federal 2012 Form 1099 in order to avoid a possible California disallowance.
8. The rules for certain debt forgiveness income associated with foreclosures of principal residences apply to 2013. There are some twists to these rules that exclude certain Californians. If you are having difficulties paying your mortgage, or are facing foreclosure, you should definitely talk to us.
9. Merchants should receive 1099-K's this year from their credit card processors. Be sure to send us a copies of these, so we can be sure your tax return matches these 1099-K's.

We want to take this opportunity to thank you for allowing Stanislawski & Company, Inc. to be of service to you. And many thanks to everyone who has referred clients to us! It's a great demonstration of your trust and confidence in us! **Business is great at Stanislawski & Company, Inc. and we are looking for more.**

Sincerely,

Charles G. Stanislawski, M.B.T., C.P.A.