

## Deadlines & Misc.

**4th Quarter Estimated Tax** payments (for those who make quarterly estimates) are **due Friday, January, 15** (See Over).

### January Due Dates and 2016 Updates

**1099 Forms:** The recipient (vendor) copy is due in the mail by February 1st. The IRS filing copy is due in the mail by February 29, 2016 (March 31 if you e-file).

**IRA Contributions stay the same as 2015** at \$5,500 and “catch-up” for those age 50 or better remains \$1,000 (\$6,500 total).

The **SIMPLE IRA deferral maximum stays the same at \$12,500 for 2016** and the “catch-up” for those age 50 stays at \$3,000 (\$15,500 total).

**401k maximum deferrals remain the same as 2015 at \$18,000 for 2016** and “catch-up” contributions remain \$6,000 (total of \$24,000).

Defined contribution limits (think 401k plus maximum profit sharing contribution) remains \$53,000 (2015-2016). Combined with 401k and a catch-up contribution, the combined maximum for those 50 or better in 2015-2016 is \$59,000.

**Children:** Dependent children who have W-2 earnings can earn up to \$6,300 in 2016 income tax free. If employed through your practice, be certain to fully document the job description, hours worked, etc.

#### CONTACT US

5808 Lake Washington  
Blvd NE, Suite 101  
Kirkland, WA 98033  
425.216.1612  
425.216.1613 fax  
[mail@cpa4dds.com](mailto:mail@cpa4dds.com)



## Helping Dentists Make Smart Decisions about Money

### FINALLY: CERTAINTY ON EQUIPMENT INCENTIVES (President signs Extenders Act)

In late December, Congress passed and the President signed the “Protecting Americans from Tax Hikes (PATH) Act of 2015” that revitalizes many of the tax benefits Congress has been keeping alive one or two years at a time over the past decade. The really good news is that many of these provisions are now permanent!

#### Highlights for Dentists:

**Section 179 - Expensing Election:** This election has been restored and made permanent at the \$500,000 level and will be indexed for inflation. Further, the phase-out level has also been restored to \$2,000,000 of qualified purchases in a given year (fully phased out at \$2,500,000). This applies to 2015 forward.

**Bonus Depreciation Restored:** An alternative to Section 179, especially when you don't necessarily want to write everything off in one-year, bonus depreciation has been extended from 2015 through 2017 at the 50% level; 40% in 2018 and 30% in 2019. One nice feature of Bonus Depreciation is that it eliminates Alternative Minimum Tax depreciation inclusion on not just the portion you expense but on the entire cost of the equipment or assets that you purchase.

**Qualified Leasehold Improvements:** This allows qualified leasehold improvements to be depreciated over a 15 year period instead of the default 39 year method. This has also been restored retroactively for 2015 and made permanent. To qualify, generally, the tenant and the building owner must not be 80% or more related and the building must have been placed in service at least three years prior to the date of the improvements.

**State and Local Sales Tax Deduction:** This deduction which had expired, has been reinstated for 2015 and made permanent.

A host of other deductions and credits were also extended by the bill; however, the ones principally applying to dentists are listed above. **DE**

**Note:** Individual income tax organizers will be mailed the week of January 11<sup>th</sup>. You should receive most tax documents in the mail by February 15<sup>th</sup> and you should forward your organizer and tax documents to us by February 20<sup>th</sup> – even if you are missing an item or two. **DE**