Slagle Wolf Group

SWG NEWS

Volume 1, Issue 1

Jun. 2015

BWC Prospective Billing:

The modernization of BWC billing

Effective July 1, 2015

Ohio BWC will transition to Prospective Billing Procedures. This is a procedure that the insurance industry has been using for some time. With this change, BWC will be able to collect premiums before extending coverage to employers. (Currently Ohio employers pay for coverage they have already received.) With the upcoming changes in BWC billing, there are a few things you should be aware of as an Ohio employer:

BWC premiums will be based on an estimate of payroll for the upcoming twelve months. If there are any large shifts in payroll, the adjustment of payroll can be modified through BWC

For the first year, Employers will receive a 100% credit for January through June 2015. This will alleviate double billing for the period. Employers will also receive a credit of 1/6 of the July through December premium. With these credits, the total premiums paid within the year should be comparable to prior years.

In order to receive the credits employers must be up to date with their BWC filings.

Installment payment options for premiums

For the first year BWC will offer bi-monthly installment options for the premium

For the following years BWC will offer monthly, bi-monthly, quarterly, semi-annual, and annual payment options.

Keep in mind, selection of installment options can only be made once a year.

If installment payment of premiums are not paid timely BWC coverage will lapse

Since BWC coverage will be based on estimated payroll, actual payroll will be reported in July 2016. Based on the actual payroll employers will receive a refund for the over payment of premiums or will have a balance due if payroll was underestimated.

Coverage will not lapse if the "True-up" filing is not completed, but employers will lose group ratings if the report is not filed.

Should you have any questions regarding the BWC prospective billing feel free to contact

Donna (donna@slaglewolf.com) or Lauren (lauren@slaglewolf.com)

Special points of interest:

- Important changes to BWC Billing
- Excerpts from our annual mid-year tax strategies letter
- Insights into tax law changes

Summer Office Hours

Day	Hours
Monday	7:30am-4:00pm
Tuesday	7:30am-4:00pm
Wednesday	7:30am-4:00pm
Thursday	7:30am-4:00pm
Friday	7:30am-4:00pm
Saturday	Closed
Sunday	Closed

Mid-Year Tax Strategies 2015

Set up Tax-favored Retirement Plan

If your business doesn't already have a retirement plan, now might be the time to take the plunge.

Current retirement plan rules allow for significant deductible contributions. Even if your business is only part-time or something you do on the side, contributing to a SEP-IRA or SIMPLE-IRA can enable you to reduce your current tax load while increasing your retirement savings. With a SEP-IRA, you generally can contribute up to 20% of your self-employment earnings, with a maximum contribution of $53,000 for 2015. A SIMPLE-IRA, on the other hand, allows you to set aside up to $12,500 for 2015 plus an employer match that could potentially be the same amount. In addition, if you will be age 50 or older as of year-end, you can contribute an additional $3,000 to a SIMPLE-IRA.

Sell Loser Shares and Give Away the Resulting Cash; Give Away Winner Shares

You may want to make gifts to favorite relatives and/or charities in conjunction with an overall revamping of your holdings of stocks and equity mutual fund shares held in taxable brokerage firm accounts. To get the best tax results from your generosity, do not give away shares that are currently worth less than you paid for them. Instead sell the shares, and take advantage of the resulting tax-saving capital losses. Then give the cash sales proceeds to the relative or charity.

On the other hand, do give away shares that are currently worth more than you paid for them. Because the charitable organization is tax-exempt, it can sell your donated shares without owing anything to the IRS. Most likely, your relative will pay lower tax rates than you would pay if you sold the shares. In fact, relatives who are in the 10% or 15% federal income tax brackets will generally pay a 0% federal tax rate on long-term gains from shares that were held for over a year before being sold. For purposes of meeting the more-than-one-year rule for gifted shares, count your ownership period plus the recipient relative's ownership period, however brief. Even if the shares are held for one year or less before being sold, your relative will probably pay a lower tax rate than you (typically only 10% or 15%). However, gains recognized by a relative who is under age 24 may be taxed at his or her parent's higher rates under the so-called Kiddie Tax rules (contact us if you are concerned about this issue).

Don't Overlook Estate Planning

For 2015, the unified federal gift and estate tax exemption is a generous $5.43 million, and the federal estate tax rate is a historically reasonable 40%. Even if you already have an estate plan, it may need updating to reflect the current estate and gift tax rules. Also, you may need to make some changes that have nothing to do with taxes. Contact us if you think you could use an estate planning tune-up.

Top 10 Tips for Deducting Losses from a Disaster

1. **Casualty loss.** You may be able to deduct losses based on the damage done to your property during a disaster. A casualty is a sudden, unexpected or unusual event. This may include natural disasters like hurricanes, tornadoes, floods and earthquakes. It can also include losses from fires, accidents, thefts or vandalism.

2. **Normal wear and tear.** A casualty loss does not include losses from normal wear and tear. It does not include progressive deterioration from age or termite damage.

3. **Covered by insurance.** If you insured your property, you must file a timely claim for reimbursement of your loss. If you don't, you cannot deduct the loss as a casualty or theft. You must reduce your loss by the amount of the reimbursement you received or expect to receive.

4. **When to deduct.** As a general rule, you must deduct a casualty loss in the year it occurred. However, if you have a loss from a federally declared disaster area, you may have a choice of when to deduct the loss. You can choose to deduct the loss on your return for the year the loss occurred or on an amended return for the immediately preceding tax year. Claiming a disaster loss on the prior year's return may result in a lower tax for that year, often producing a refund.

5. **Amount of loss.** You figure the amount of your loss using the following steps:

- Determine your adjusted basis in the property before the casualty. For property you buy, your basis is usually its cost to you. For property you acquire in some other way, such as inheriting it or getting it as a gift, you must figure your basis in another way. For more see Publication 551, Basis of Assets.
- Determine the decrease in fair market value, or FMV, of the property as a result of the casualty. FMV is the price for which you could sell your property to a willing buyer. The decrease in FMV is the difference between the property's FMV immediately before and immediately after the casualty.
- Subtract any insurance or other reimbursement you received or expect to receive from the smaller of those two amounts.

6. **$100 rule.** After you have figured your casualty loss on personal-use property, you must reduce that loss by $100. This reduction applies to each casualty loss event during the year. It does not matter how many pieces of property are involved in an event.

7. **10 percent rule.** You must reduce the total of all your casualty or theft losses on personal-use property for the year by 10 percent of your adjusted gross income.

8. **Future income.** Do not consider the loss of future profits or income due to the casualty as you figure your loss.

9. **Form 4684.** Complete Form 4684, Casualties and Thefts, to report your casualty loss on your federal tax return. You claim the deductible amount on Schedule A, Itemized Deductions.

10. **Business or income property.** Some of the casualty loss rules for business or income property are different than the rules for property held for personal use.

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Businesses Most Trusted Advisors

With over 20 years serving the Canton area, Slagle Wolf Group has the experience and the tools to meet all your business and personal consulting needs. Offering tax planning services as well as business start up and consulting services. Also offering payroll services, with annual service contracts available for our business clients.

Check Back Often!

Exciting content updates and new functions coming soon to our website and social media pages!

Update on Coming Changes to Overtime Laws

On March 13, 2014 President Obama signed a memorandum for the Secretary of Labor relating to updating and modernizing overtime regulations. The main thrust of this was to address people who are classified as managers who are exempt from the overtime rules. Now he has clarified his proposal.

To be exempt some of their work must be considered supervisory but there is a lot of leeway and some may spend most of their day doing manual, clerical or technical work with few management duties and yet still be exempt. People who are not exempt are governed by legal requirements that employers pay time-and-a-half for time worked beyond a 40-hour work week.

Under current law in order to be considered exempt as a manager a person's salary must be greater than $455 a week ($23,660 annual). The new proposal will change this threshold to be $50,440 annually. The new threshold will be tied to inflation.

This is planned to take effect in 2016.