CPA Client Bulletin

Smart Tax, Business & Planning Ideas *from your* Trusted Business Advisor[sm]

December 2012

Citation and Resource Guide

Sidney Kess, CPA, JD, Editor

Nondeductible Contributions to Traditional IRAs

- To see the IRS rules on taxable and nontaxable IRA distributions, see IRS Publication 590 on IRAs, p. 38, at **www.irs.gov/pub/irs-pdf/p590.pdf.**

In Your Estate Plan, Include a Letter of Instruction

- The legal background on letters of instruction can be found at **www.nolo.com/legal-encyclopedia/leaving-items-sentimental-value.html.**

Two Keys to a Successful Buy-Sell Agreement

- The AICPA offers a guide to buy-sell agreements at **www.aicpa.org/InterestAreas/PersonalFinancialPlanning/Membership/DownloadableDocuments/FF%20Business%20Succession%20Planning%20Case%20Study.pdf.**

Practice Development Tip

Don't Procrastinate About Year-End Planning

As of this writing, it seems certain that Congress won't act on taxes for 2013 before the 2012 election. Judging by a similar experience at year-end 2010, it may be mid or late December 2012 by the time Congress passes or fails to pass any tax legislation.

That doesn't mean you should wait to schedule year-end tax planning sessions with clients. Try to get clients in for meetings as soon as possible and go over the likely outcomes, using currently available information. Outline possible courses of action and urge clients to be ready to proceed when the time comes.

The end of the year is often a difficult time to implement sophisticated strategies because so many professional advisors are taking time off. That situation may be even more pronounced in 2012 due to all the uncertainties that have clouded planning throughout the year.

Suppose you meet with clients and decide that a trust makes sense for their estate tax planning. If there is a reason to sign the document this year, encourage them to set up meetings with their attorney, so the deadline might be met. If there is no time pressure, you can suggest that clients wait until 2013 to execute their plan, to avoid a year-end rush that might lead to careless errors.

The same reasoning applies to planning around capital gains and charitable contributions. Advise clients to move rapidly if they need to meet a December 31 deadline or to back off until 2013, when they can focus on the virtues of patience and prudence.

To prepare for year-end tax planning sessions, refer to the November 2012 *CPA Client Bulletin*, which focuses on that topic.

CPA Client Bulletin

Smart Tax, Business & Planning Ideas *from your* Trusted Business Advisor℠

December 2012

Practice Development and Management Resources

from the AICPA

For more information or to order, log on to *www.cpa2biz.com* or call 888.777.7077.

Tax increases are imminent; expert Bob Keebler can help you with *Preparing Your Client for the 2013 Tax Increases: Tools, Tips, and Tactics*

The Supreme Court's decision upholding the Affordable Care Act confirmed that taxpayers whose income exceeds a threshold amount will be subject to a 3.8% Medicare surtax on net investment income, effectively raising their marginal income tax rate. Whether the Bush era tax cuts will be extended and, if so, for whom, remains an open question. In light of this uncertainty, CPAs should start planning for possible 2013 tax increases now, particularly for clients who will benefit from transferring assets to family members and other decisions that can take time to make.
[Item no. PTX1215M—AICPA Member $103.00, Nonmember $128.75]
Client Bulletin subscribers receive 15% off Preparing Your Client for the 2013 Tax Increases with promo code TWN.

Accountant's Flight Plan: Best Practices for Today's Firms

■ Using real-world scenarios, practice owner testimonials, and written exercises, CPA and author Brannon Poe offers keen insights for developing customized, straightforward approaches to take your practice to a higher level while enjoying your work. You've got a plan. Whether you're a prospective owner or seasoned veteran, this book will help you reach your destination with greater surety, success, and satisfaction.
[Item no. PPM1205E—AICPA Member $27.96, Nonmember $34.95]

The IRA Distribution Rules: IRS Compliance and Audit Issues

■ According to a recent report by the Treasury, the IRS plans to implement a service-wide strategy to address growing noncompliance involving IRA excess contributions and violations of the required minimum distribution rules.

This downloadable book explains the key IRA rules, so you can advise your clients about the myriad distribution rules and other IRA compliance issues. Also included are sample client letters covering various client IRA scenarios.
[Item no. PTX1202D—AICPA Member $39.00, Nonmember $48.75]

Leading an Accounting Firm: The Pyramid of Success

■ Using the model of the pyramid to illustrate his concept, author Troy Waugh builds a case for ongoing leadership development, guiding you through the essential ideas and practices that are at the core of great leadership and great firms. Using this powerful framework, you can improve your personal leadership and build great leaders around you.
[Item no. PPM1201P—AICPA Member $57.00, Nonmember $71.25]