

Dear Clients and Friends,

Marty and I are excited to introduce you to the newest member of our team, Helene Roth. Helene joins us with almost 30 years of experience as a CPA specializing in tax and accounting matters for closely held businesses and their owners. Helene possesses an MBA in Professional Accounting and a Masters Degree in Taxation. Her experience includes working with large, multinational firms; private companies; and smaller local accounting firms. She is interested in and volunteers regularly with various local animal welfare groups. We are sure that you will enjoy working with Helene, who is a superb addition to our staff.



GOVERNMENT SHUTDOWN

Effective as of Tuesday, October 1, 2013, the U.S. government shut down as the House and Senate could not agree on a bill to fund the government. While certain "essential" services will continue to be funded, such as social security checks, air traffic control and active military pay, other "non-essential" services came to a halt as about 800,000 government employees were furloughed. If you are waiting for a federal home loan or passport, you will have to continue to wait.

So, what does this shutdown mean to our clients' tax situations and compliance responsibilities?

- Individuals and businesses should keep filing their tax returns and making required payments and deposits.
- Those of you on tax filing extensions for your 2012 individual income tax return(s) should file your returns by October 15, 2013.
- It is interesting to note that the IRS will accept and process all tax returns with payments, but will not be able to issue refunds until the shutdown is over. Taxpayers are encouraged to e-file their tax returns, as the processing of paper returns will be delayed.
- All tax deadlines for individuals, corporations, partnerships and employers will remain in effect.
- The IRS websites will continue to function for the most part, but without updates.
- There will be no in-person or live phone assistance; however, automated toll-free services will remain operational.
- IRS walk-in taxpayer assistance centers will be closed.
- Appointments related to examinations (audits), collections, Appeals and Taxpayer Advocate cases should assume that the meetings are cancelled. The IRS personnel will reschedule those meetings.
- Automated notices will continue to be mailed

SAME-SEX MARRIAGE IN NEW JERSEY

In July and September, we reported on the U.S. Supreme Court's decision striking down section three of the federal Defense of Marriage Act (DOMA) as being unconstitutional and ruling that the federal government cannot deny benefits to married, same-sex couples. Following this DOMA ruling, a group of New Jersey couples, together with a gay rights group, sued the State in July, asserting that in light of the U.S. Supreme Court ruling, the State is blocking couples from receiving federal benefits. A New Jersey judge agreed with the plaintiffs and ruled that the State must recognize same-sex marriages beginning October 21, 2013. Governor Christie has announced that the decision will be appealed and asked the judge to stay her ruling while the appeal is being considered. Both sides want the matter to be fast tracked to the State's Supreme Court, skipping the appeal to an intermediate court. A response for the plaintiffs is due on Friday and the State may submit a reply by Monday.

NONCASH CHARITABLE CONTRIBUTIONS AND RELATED TAX TIPS

At this time of year, many people are getting ready for the holidays by cleaning out their closets and donating unused clothing, furniture and other household goods to charity. We thought it would be helpful to remind you of the rules and substantiation requirements for certain noncash charitable contributions.

In order to take a deduction for clothing and household items, including furniture, electronics, appliances, linens, and other similar items, the item(s) must be in good, used condition or better. The amount of the deduction is limited to the item's fair market value (FMV). An example is the price that an article of used clothing or furniture would sell for in a thrift shop. The records that you are required to keep depend on the value of your contributions. For noncash contributions, you must first combine all of your claimed deductions for similar items of property to any charitable organization(s) during the year. If you received any goods or services in return for a contribution, you must generally reduce the deduction by the value of the goods or services received.

Tax Tips: If you use your vehicle to perform services for a charitable organization, you may deduct 14 cents per mile as a charitable deduction. You must keep detailed, reliable records to document the charitable purpose and the miles driven. You may also deduct your unreimbursed, out of pocket expenses (i.e., Scout Leader Uniforms or travel expenses where there is no significant element of personal pleasure, recreation, or vacation) incurred in performing your charitable services. If the expenses are \$250 or more, you must obtain a written acknowledgement, containing a description of the service(s) provided and whether goods or services were provided by the charity to reimburse the taxpayer for any expenses incurred (including an estimate of FMV of any good or services provided), from the qualified organization. The charity does not need to include the dates or amounts of expenses. Do you house an exchange student, grade 12 or lower, who is sponsored by a qualified organization? If so, there is a deduction of up to \$50 per school month allowed for expenses incurred for books, tuition, food, clothing, transportation, and other amounts expended for the well-being of the student.

Deductions of Less Than \$250

Any noncash contribution must generally be documented by a receipt from the organization showing the name of the charitable organization, the date and location of the contribution and a detailed description of the property. An exception to this rule is when you leave property at an unattended drop box. For all noncash contributions, you are generally required to keep written records for each item of donated property, including the name and address of the organization, the date and location of the contribution, a description of the property, the fair market value of the property and how that value was determined, the cost or other basis of the property, the amount you claim as a deduction, and any restrictions on the property.

Deductions of More Than \$250 and Less Than \$500

If you claim a deduction of more than \$250 but less than \$500, you must obtain a written acknowledgement from the organization. If you make more than one contribution of more than \$250, you must have either a separate acknowledgement for each, or an acknowledgement that shows the total amount of contributions. In addition to the requirements for contributions under \$250, the written acknowledgement must include whether the organization provided you with any goods or services, including a description and estimate of the value of such goods and services (the value of an intangible religious benefit does not have to be described or valued). The acknowledgement must be obtained by the earlier of either the date you file your return for the year of the contribution or the due date for filing the return (including extensions).

Deductions of Over \$500 But Not Over \$5,000

If you claim a deduction for a noncash contribution that is over \$500 but less than \$5,000, you must retain and report all of the documentation described above, and also how you obtained the property, the approximate date you obtained the property, and the cost or other basis of the property on Form 8283.

Deductions of Over \$5,000

If you claim a deduction of over \$5,000 for one item or a group of similar items, in addition to the substantiation detailed above, you must obtain a qualified written appraisal of the donated property.

For more information regarding the substantiation requirements for charitable contributions, please [click here](#) or feel free to contact our office.

E. MARTIN DAVIDOFF'S SPEAKING ENGAGEMENTS

Below are the upcoming dates and topics being presented to tax professionals. For more detailed information, please [click here](#):

December 4, 2013

NJSCPA Middlesex/Somerset Chapter
Holiday Inn, Somerset, NJ
195 Davidson Ave, Somerset, NJ 08873
Contact: Theresa Hinton at 973-226-449
Topic: Offers in Compromise & Navigating the IRS
Times: 8:15 a.m. - 12:00 p.m.
(Registration 7:30 a.m. - 8:15 a.m.)
Click here to [Register Now!](#)

December 12, 2013

Baruch College
Zicklin Tax Series 2013
55 Lexington Ave, New York, NY
Contact: Matthew LePere at 646-312-3231
E-Mail: matthew.lepere@baruch.cuny.edu
Topic/Times: (to be determined)

December 17, 2013

Nassau Suffolk Chapter of the New York Society of Independent Accountant
Holiday Inn, Plainview, NY
215 Sunnyside Boulevard
Plainview, New York 11803
Contact: Abby Eisenkraft, EA, ATA, ATP, CRPC, Choice Tax Solutions, Inc.
Telephone No. 347-598-0111,
E-Mail: abby@choice-tax.com
Topic: Navigating the IRS
Time: 7:00 p.m. - 8:40 p.m.

With warm regards,

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