



The Bottom Line



Tax Tips for Home Businesses, Growing Families and Parents of College Students

Upcoming Due Dates/Reminders

September 15, 2017 - Partnership, Trust, C and S Corp tax returns
October 16, 2017 - Individual tax returns



Home Business Deduction



Small business owners should be aware that expenses related to business use of their home are deductible, including the business portion of real estate taxes, mortgage interest, rent, casualty losses, utilities, insurance, depreciation, maintenance and repairs. Taxpayers have the option of claiming these deductions using the regular method or the simplified method.

The regular method defines the business use of the home according to the percentage of floor space used by the office. The simplified method has a set rate of \$5 per square foot for business use of the home, and the maximum square footage used to determine the deduction is 300 square feet. A CironeFriedberg team member would be happy to assist you with your home office deduction questions, so please contact us for assistance.

Do I need to change my withholding?

Consider an update to your state and federal tax withholdings if you have experienced a change in marital status, number of dependents or a significant increase or decrease in income. Taxpayers who are self-employed or receive a substantial portion of income from investments may have unique tax requirements. Contact CironeFriedberg, LLP at 203-798-2721 or info@cironefriedberg.com to discuss your specific situation.



You're Having a Baby!



In addition to the traditional planning and preparation for a baby's arrival, expectant parents should consider the tax implications of an additional exemption. Regardless of when your baby is born, you will qualify for a full year's exemption, thereby reducing your taxable income. In the 2016 tax year, each exemption reduced taxable income by \$4,050; so, it is important to remember to update your W-4 form with your employer to reflect a new exemption.

Additional child-related tax implications include the Child Tax Credit, Additional Child Tax Credit, and Earned Income Tax Credit. Also, out-of-pocket medical costs even for a routine birth with no complications are significant, so it is important to track medical expenses throughout the year. If they exceed 10% of your adjusted gross income, they can be deducted on Schedule A.

New parents should be aware that they are eligible for a Child Care Expense Credit of up to \$3,000 depending on income, provided that they use a qualified childcare provider. And, before you know it, your baby will be ready for college and the sooner parents start saving, the better. States each have their own 529 college savings plan, so consult a CironeFriedberg team member to assess your specific situation.

College and Taxes

Your child is heading to college! Here are some of the common tax-related questions that pertain to this important milestone:

Is my child still a dependent if they are no longer living at home?

Is my child's scholarship considered taxable income?

If my child attends college in another state and works part-time, am I required to file a state return in that state?



Additionally, parents of college students should be aware of The American Opportunity Tax Credit, a refundable credit for couples who file jointly and earn less than \$160,000; the Lifetime Learning Credit, available to families earning up to \$131,000; as well as the impact of taking a tuition and fees deduction and claiming interest from a student loan.

Contact CironeFriedberg, LLP at 203-798-2721 or info@cironefriedberg.com to find out how sending your child to college will affect your specific tax situation.

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