

## In This Issue

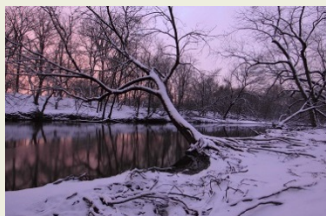
### Featured Service

2013 Year End Tax Planning

No Chance For It Not To Be A Hobby

The IRS Is After You

Featured Client



### It Happened in December:

Illinois was admitted to the Union, 1818.

The first recorded Christmas was celebrated in Rome, A.D. 336.

## Quick Links

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### Services



### Dear Reader,

Wishing you a Happy Holiday and Prosperous New Year from all of us at Leif Jensen and Associates.

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## 2013 Year End Tax Planning

In planning for the filing of your 2013 taxes there are a number of issues that Congress has blessed the US taxpayers with. A number of these new laws may or may not impact you personally.

A growing number of taxpayers consider themselves to be the middle class only to find out that they are in the top 10% of all US taxpayers, an adjusted gross income (AGI) of \$115,000 or so will get you into this club.

The following are a number of provisions that will either help or hinder your tax planning for 2013.

State and local general sales tax deduction, this is for those who itemize but have no state taxes paid. In Illinois this is usually reserved for the elderly who are living off of Social Security and qualified assets. This election has been extended for 2013.

Principle residence mortgage debt relief, this is for those lost their homes and have cancellation of debt income. This election has been extended for discharges of debt occurring before January 1, 2014.

Medical deductions allowed on Schedule A have been increased for those less than 65 years of age. Making this election even more difficult to utilize, the higher threshold can only be crossed when there has been a catastrophic illness, or a devastating unemployment issue.

The marriage penalty is back in place at the higher income levels. This higher levels begin with the 15% tax threshold, so those married and making more than \$72,500 will be taxed higher than single individuals at the same income levels. [Click here to read more.](#)

## Dates to Remember

- First Day of Winter
- Christmas
- Kwanzaa Begins
- New Year's Eve

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## This Month's Featured Service

### Personal Finance Assessment

We can prepare an analysis of your income, expenses, and savings in relation to your specific goals, budget and strategy. This will include a risk tolerance and portfolio assessment and review of insurance and estate documents.

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## No Chance For It Not To Be A Hobby

In a recent court case won by the IRS, a couple formed a record label to help their child's career does not pay off for a couple. So now they cannot deduct its losses. The couple's daughter managed a rock band. At her request, they set up a record label to promote the band and funded its expenses. This is possible but then there are the other factors.

The couple had money but they had no music industry expertise and did not advertise or bother represent other acts. They did not treat it as a real business leaving the court with no other choice.

The Tax Court said the hobby loss rules applied

Schlievert, TC Memo. 2013-239

## The IRS Is After You

Pass-through entities are facing extra audit heat from the Service. This as the agency continues to shift its focus away from regular corporations.

Also the IRS believes that it will continue to get a higher rate of return for its audit buck by examining S firms, partnerships, limited liability companies and sole proprietorships. So it will continue spending more resources on training examiners about issues commonly encountered with pass-through firms.

So ensure that your books and records are in good order and that you have a sound strategy to defend all positions.

-Leif Jensen

## Featured Client



Jeff Stensland, Robert Friedman, Doug Ackerman, and Peter Friend have collectively over 80 years of experience in the financial services industry. We work within a practice that focuses on:

### **Wealth Management:**

- Financial Planning
- Insurance Planning
- Asset Management
- Individual Property and Casualty Insurance

### **Corporate Services:**

- Employee benefit Planning
- Executive Strategies
- Commercial Property and Casualty Insurance

As part of The Bensman Group, our goal is to be your "Strategic Alliance for Life." We are committed to developing meaningful relationships, understanding our clients' unique needs and values, and creating customized solutions.

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