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The end of the year gives you and your business a great chance to maximize tax savings for 2014 and beyond.

If you're like many business owners, you saw a welcome uptick in sales and growth in 2014. This growth, however, brings important tax consequences. The National Society of Accountants (NSA) offers this review of tax changes and strategies for businesses, courtesy of Wolters Kluwer, CCH.

Expensing and bonus depreciation

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\$500,000, and the investment limitation was \$2 million (both indexed for inflation). These and other enhanced amounts expired after 2013; Congress will likely extend them, though exactly when in the last weeks of this midterm election year is uncertain.

Bonus depreciation also generally expired under current law. This applied to qualified property acquired after Dec. 31, 2007, and placed in service before Jan. 1, 2014 (before Jan. 1, 2015, for certain property). This depreciation could be extended for two years (with retroactive application for 2014) and, if extended, most likely at a 50 percent depreciation allowance.

Using expired breaks

The research tax credit, credit for employer-provided child care, and other tax breaks expire on Dec. 31, 2014. As with Sec. 179, taxpayers may not know the fate of these incentives until late 2014 or early 2015.

Other business-tax breaks expired after 2013, including: the Work Opportunity Tax Credit; the employer wage credit for activated military reservists; 15-year straight line recoveries for qualified leasehold improvements, restaurant property or retail improvements; and the recognition period for S corporation built-in gains, among others specific to industries, energy-efficiency and ethnic workforces.

Affordable Care Act requirements

Few laws have affected tax planning in the way the Affordable Care Act (the ACA, aka Obamacare) has.

Businesses with fewer than 50 “full-time equivalent (FTE)” employees are exempt from the ACA employer mandate. Larger businesses do fall under the mandate (meaning they must offer health insurance to employees) and other requirements,

but midsize employers *are* exempt from the employer mandate for 2015. Employers

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tell the Internal Revenue Service if they offer health insurance to employees, among other criteria. (Small employers exempt from the employer mandate are also exempt from this reporting.)

If you own a small business, don't overlook a tax credit to help offset costs of providing health insurance to your employees. To qualify, your business must have fewer than 25 FTE employees for the tax year; average annual wages of employees for the year must be less than \$50,000 per FTE; and you must pay the premiums under a qualifying arrangement. A pro-rated reduced credit is also available.

Accounting • Income Tax • Taxes

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