

Accu-Facts

By Accu-Tax, Inc.

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IRS Expands Rules on CAF 125 Insurance Plans

We're coming up on the Marketplace enrollment period soon, (Nov 15th – Feb 15th). Employers who cover their employees' health insurance via a company sponsored plan under rule 125 (Cafeteria Plan) need to update your Employee Handbooks to include changes prompted by edits to the new health care act.

Remember that these cafeteria plans are so named because the employees can choose from a variety of benefits, of which the health insurance is one.

This plan is outlined in the Company Handbook given each EE upon being hired. There is usually a sign up period once a year so that you are not bothered many times during the year with personnel matters.

The EEs may now elect out of the plan to purchase their coverage through the online marketplace.

There are two situations that IRS will allow this revocation to take place.

A) Where an EE's average hours are reduced to less than 30/week but they remain eligible for coverage under the group plan.

B) A current participant chooses to cancel coverage and purchase coverage through the marketplace.

Make sure your EE knows that there is a time limit here and they should advise their marketplace representative that they will be revoking group coverage under the 125 Caf Plan so that the transition meets the time requirements.

I suggest any EE revoking this coverage do so in writing to your company.

Speaking about changes to CAF Plans

The Dept of Labor has gotten in to the act. In an attempt to get more \$\$\$ out of entrepreneurs The D O L is doing more audits now on the subject of: Summary Plan Description, (SPD).

I don't think you and I have to panic here because I believe this document in the EE Handbook is only for ERs that fall under the ERISA rules. I would, however, check with your insurance sales rep to make sure you are in compliance.

Review your Investments

Now is the time to review your portfolios to see if there are any investments you can get rid of that will generate a loss on your 2014 tax Returns. Call your broker.

Remember the new Medicare Surtax is applicable on investment income.

My Accounts Receivable

I know that some of my clients are still getting back on their feet from the recession; however, I am still owed receivables from prior years' work from many. So, I've had to alter the way I do business in the future.

Most of you present me with a check or debit/credit card upon completion of the work and I appreciate that, thanks that will not change.

For my "Ooops I Forgot my Debit

Card Guys": Firstly, don't forget the payment method at home. Secondly, (and this will work for the "Mail-In Guys" too), you can send in a retainer for approximately what last year's invoice was before your appointment date. Thirdly, I'll have the front desk girl email you an invoice and when payment is received the final product will be released to you. This method will delay the e-filing and therefore, your refund so plan accordingly.

Because of the lag time needed for this third process, I've moved our office deadline from April 15th to April 1st.... this is an office deadline change not an IRS deadline change. So, get those documents in here as early as you can.

And The Hits Keep Coming...

As of January 1, 2015 my rates will be going up. I will charge \$200/hour in 5 minute increments. That is a 10% increase. The accounting rate will increase to \$125/hour also in 5 min increments.

That's all the bad news I have for you today. More will be coming after I attend the seminars.

Local Travel Now

The deduction for hotel/ meals has always been that the EE had to travel at least 50 miles away from their home in order to be eligible. IRS has now recognized that sometimes attending an event in town is still required for the benefit of the ER.

The rules are now: A) Lodging is necessary for the EE to fully participate in the event. B) Not longer than 5 days nor more often than once a quarter. C) Lodging is not "lavish".