

Contact Us:

Kramer & Jensen LLC
7430 E. Caley Ave, Suite 300E
Centennial, CO 80111
T 303-741-2253
F 855-330-4215
sjensen@kramerjensen.com

Tax Filing Reminders

Check your 2015 tax payments

Don't let penalties for underpaid taxes increase your tax bill next April. Check the total you've paid in for 2015 through withholding and/or estimated taxes. If you've underpaid, consider adjusting your withholding for the final months of the year or increasing your remaining quarterly estimate. If you employ household workers, be sure your calculations include the payroll taxes you'll owe for them. Remember to include the 3.8% tax on net investment income in your planning too.

Give your kids the power of a Roth IRA

Would you like to give your child a head start on smart money habits? Here's a suggestion: Have the child invest in a Roth IRA. Why? The tax-free compounding of contributions and investment returns over your child's lifetime is a great wealth-builder. Here's what you need to know.

- * There is no minimum age to open a Roth IRA account. All your child needs is earned income, either from a summer job or from self-employment.
- * The maximum contribution to a Roth IRA for 2015 is \$5,500. Your child can contribute less and you can provide some or all of the cash, up to the amount of your child's earned income.
- * Your child won't receive a federal tax deduction for a Roth IRA contribution - and will pay no federal income tax on qualified distributions taken after age 59½.
- * You can continue to claim your child on your tax return as a dependent. Your child is also allowed a federal standard deduction of \$6,300 for 2015, which means the first \$6,300 of earned income is income tax free.
- * If you own a business and can employ your child, you can benefit from additional tax savings, including a payroll deduction for your business. In addition, depending on how

your business is organized, you may not have to pay federal payroll taxes such as FICA, Medicare and unemployment. Remember, your child must perform real services and the wages can't be excessive.

* An early Roth IRA withdrawal could affect your child's college financial aid. Your child can take withdrawals from a Roth penalty-free to pay for college costs. But those withdrawals generally count as income when applying for financial aid.

Are you interested in learning more? Give us a call. We'll help you get started on saving for your child's future.

IRS will get a jump start on businesses that miss payroll tax deposits

Using a new payroll tax initiative, the Service will notify a business by mail when its records show that the firm's payroll tax deposits have declined. The employer will be asked for an explanation of the decrease. If the business has missed deposits, the IRS will pursue collection of the unpaid amounts. More-complicated cases, such as businesses with preexisting delinquencies, will be handled by field officers.

Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also, thank you for recommending us to your family, friends, and associates. We appreciate your referrals.

Scott Jensen
Kramer & Jensen, LLC

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Kramer & Jensen, LLC
sjensen@kramerjensen.com