

truly will help your company become more productive, even if this year's total tops \$25,000. New and used equipment will qualify. Make sure to have equipment placed in service by year end, in order to get a deduction for 2015.

Similarly, the "bonus depreciation" tax break has expired but likely will be restored for 2015, judging by Congressional activity. Under this provision, which applies only to new equipment, purchasers can take a 50% first year depreciation deduction,

followed by depreciating the balance of the purchase price over several years. Both expensing and bonus depreciation tax breaks reduce the cost of capital and increase cash flow for small companies, so you should consider their impact when planning equipment purchases. ■

Year-End Estate Tax Planning

In 2015, the federal estate tax exemption is \$5.43 million. With little planning, a married couple can pass up to \$10.86 million worth of assets to heirs, so no estate tax will go to the IRS. Those numbers will increase in the future with inflation.

With such a large exemption, you may think that estate tax planning is unnecessary. However, nearly half of all states have an estate tax (paid by the decedent's estate) or an inheritance tax (paid by the heirs) or both. The tax rate goes up to 16% in many states, or even higher in some.

What's more, state estate tax exemptions tend to be lower than the federal exemption; in some states, there is virtually no exemption for certain estates. Therefore, you may find year-end estate tax planning to be worthwhile, even if you don't

anticipate having an estate over \$5 million or \$10 million.

Employing the exclusion

In terms of year-end planning, anyone with estate tax planning concerns (federal or state) should consider year-end gifts that use the annual gift tax exclusion, which is \$14,000 in 2015. That is, you can give up to \$14,000 worth of assets to any number of recipients, with no tax consequences. You don't even have to file a gift tax return.

Married couples can give up to \$28,000 per recipient, from a joint account, or \$14,000 apiece from individual holdings. Larger gifts probably won't be taxed because of a generous lifetime gift tax exemption, but you'll be required to file a gift tax return and there could be future tax consequences.

Example: Walt and Vera Thomas have two children. In 2015, Walt can give \$14,000 worth of assets to their son Rick and \$14,000 to their daughter Ava. Vera can do the same, moving a total of \$56,000 from their taxable estate.

Similar gifts might be made to parents you're helping to support. As explained previously in this issue, giving appreciated stocks and stock funds to loved ones may be an effective way to reduce exposure to any market retreat.

Whatever your purpose, keep in mind that there is no spillover from one year to the next. If you miss making \$14,000 annual exclusion gifts in 2015, you can't double up with a \$28,000 exclusion gift in 2016. Moreover, make sure that gifts are completed—checks must be cashed—by December 31. Therefore, you should put your plans for year-end gifts in motion well before year end. ■

TAX CALENDAR

NOVEMBER 2015

November 2

Employers. For Social Security, Medicare and withheld income tax, file Form 941 for the third quarter of 2015. Deposit any undeposited tax. (If your tax liability is less than \$2,500, you can pay it in full with a timely filed return.) If you deposited the tax for the quarter in full and on time, you have until November 10 to file the return.

For federal unemployment tax, deposit the tax owed through September if more than \$500.

November 10

Employers. For Social Security, Medicare and withheld income tax, file Form 941 for the third quarter of 2015. This due date applies only if you deposited the tax for the quarter in full and on time.

November 16

Employers. For Social Security, Medicare, withheld income tax and nonpayroll withholding, deposit the tax for payments in October if the monthly rule applies.

DECEMBER 2015

December 15

Employers. For Social Security, Medicare, withheld income tax and nonpayroll withholding, deposit the tax for payments in November if the monthly rule applies.

Corporations. Deposit the fourth installment of estimated income tax for 2015.