

TAX TALK
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IDENTITY THEFT AND VARIOUS TAX PROVISION UPDATES

In today's fast moving technology driven world identity theft has become an increasingly familiar thorn in the side of individuals. The IRS has periodically issued statements regarding identity theft and recently issued tips every taxpayer should know about identity theft. This article will summarize some of the more important points and also discuss the 2011 and 2012 updates of certain tax provisions.

IRS tips on identity theft

The number 1 point listed by the IRS in their tax tips is that the IRS does not initiate contact with taxpayers by email for personal or financial information. They also do not email taxpayers stating they are being audited or getting a refund.

If a taxpayer receives any email claiming to be from the IRS it should be forwarded to phishing@irs.gov.

If you receive a letter from the IRS stating that more than one return has been filed under your social security number or that you have wages from an employer that you do not know, then you may be a victim of identity theft.

If you believe that you are not currently affected by identity theft but may be at risk due to certain circumstances, then you should contact the IRS and also follow the Federal Trade Commission's (FTC) guidance on identity theft which can be found at www.ftc.gov/idtheft.

Various tax provisions – 2011 vs. 2012

The maximum IRA deduction allowed for 2011 and 2012 is \$5,000 (\$6,000 for individuals age 50 and older).

The maximum section 401(k), 403 (b) & 457 deferral amount is \$17,000 in 2012 (up from \$16,500 in 2011). An additional \$5,500 is allowed for individuals age 50 and older in both 2011 and 2012.

The standard mileage rate for 2012 is 55.5 cents per mile (the same as the second half of 2011).

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The section 179 limit (which allows taxpayers to write-off fixed assets all in the first year of operation) has dropped from \$500,000 in 2011 to \$139,000 in 2012.

The social security maximum taxable wage base has increased from \$106,800 (2011) to \$110,100 in 2012.

The individual gift tax exclusion remains at \$13,000 for both 2011 and 2012. This is the amount of money a taxpayer is allowed to give any other individual without having any gift tax consequences.

Conclusion

This article explains some basic concepts regarding identity theft and some of the 2012 tax changes. You would be well advised to speak to a professional as there are many other tax provisions that have changed and each taxpayer's situation is unique.