



*Singer, Berger, Press*  
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**AND WE ARE PLEASED TO INTRODUCE . . .**

*For those of you who have not had the opportunity to meet him, we are pleased to introduce the head of the Firm that merged with SP, Alan Berger. He has been called "Mr. Beachwood" (among other things!) because of his involvement in civic and sports activities in the area, to us, he is "the boss". To provide an opportunity for you to know more about him, and therefore the Firm, please find the following column from the desk of Alan Berger.*

The merger of Berger, Apple & Associates and Singer-Press & Co. is now over six months old. We have made it through our first tax season, and survived. This is the start of what we perceive to be bigger and better things for the Firm, and more importantly, you. I would like to take this time to introduce myself to some of our clients who I have not had a chance to meet with, yet.

CPA firms are in my blood. I am a third generation CPA going back to my grandfather, Louis A. Blue (no relation to the Blues Brothers) who started his CPA firm over 60 years ago. My father, Irving, has been practicing since 1949, and is still practicing as part of this Firm. I joined this respected group in 1975, upon my graduation from The Ohio State University.

I have been happily married to Bonni for over 33 years. You know we get along well since as a degreed accountant, she is a member of our hard working staff. Therefore, I have the pleasure of being with her 24 hours a day. I have two children, Loren, a graduate of Michigan (I tried to talk him out of it), who married the love of his life, Shira, last summer. My other son, Josh is 24 and a proud graduate of OSU.

I was very fortunate to have great mentors in my life--my grandfather and my dad. They taught me how to build lasting and meaningful relationships with clients, while working to meet their financial objectives. I truly enjoy going to the office everyday. It provides me with the opportunity to continue these relationships.

When I am not in office, I look forward to spending time with family and friends while arguing about my favorite topic, sports. As a true and dedicated Buckeye (stop by my office and visit the "shrine"), I also enjoy the Browns, Indians and the Cavs. My other vices include golf (I play scratch golf, when I keep score), smoking fine cigars, collecting Pontiac promo cars, and family vacations.

I am very involved in the Beachwood Community. I enjoy lending my business background to volunteer activities including the Beachwood One Hundred, Inc. (whose objective is to serve those policeman and fireman who serve us), the Beachwood Citizens for Quality Schools, the Cleveland Baseball Federation (sponsor of intercity baseball leagues), the Beachwood PTA, the Beachwood Alumni Assoc., and the Beachwood Boosters.

I love to get out and meet people, to learn their stories, and how I may assist them. I look forward to continuing past relationships and look forward to new ones. Call me anytime to chat, or stop by and see the "shrine".

## **HOT OFF THE PRESS**

### **UNDERSTANDING KEY 2010 TAX CHANGES**

*While some of you may be concerned about your 2009 return, right now is good time to start planning for 2010. Beginning this year, new tax provisions have been enacted. The following discussion summarizes the major tax law changes. Of course, as the year progresses, Congress could, and probably will, alter them.*

#### **New for 2010**

*No estate tax!?* For decedents dying in 2010 the estate tax is repealed. With the repeal, the stepped-up basis at-death rules are also eliminated. The latest discussions by Congress appear to revolve around continuing the law as in effect for 2009, retroactive to the beginning of 2010. Another option, as provided for when the estate tax law changed retroactively in 1977, is to let a decedent's estate elect to be taxed under the law at the time of death, or the retroactive law changes. To be continued . . .

*Expanded Roth IRA conversions.* Regardless of income, you may convert traditional IRA accounts to Roth IRA accounts. Previously, if your modified adjusted gross income was over \$100,000 you could not make the conversion. Also, married persons filing separately are now eligible to make the conversion. There are many implications to making the conversion. Before doing so, we would be pleased to discuss them with you.

*Recapture of first-time homebuyer credit.* For those of you who purchased a principal residence before January 1, 2009, and then claimed the \$7,500 credit, 2010 is the first year of recapture of the credit over the next 15 years. In other words, you must add to your 2010 tax liability, \$500 related to recapture of the credit.

### **THE HIRE ACT AND YOU**

President Obama recently signed the Hiring Incentives to Restore Employment Act. This \$18 billion job creation package provides businesses with certain credits and enhanced tax deductions.

First of all in the area of employment incentives, the HIRE Act creates an immediate incentive for businesses to hire unemployed individuals by providing payroll tax forgiveness, along with an additional \$1,000 credit for each qualified retained worker. When a business hires a qualified employee, the Social Security and Medicare taxes the employer would normally incur for the employee is waived. This provision applies to wages paid after March 18, 2010 thru December 31, 2010.

A qualified individual is one-who begins work after February 3, 2010 and before December 31, 2010; signs an affidavit that he or she was employed for 40 or fewer hours during he 60 days preceding employment; is not employed to replace another employee unless that employee quit or was fired for cause; and, is not related to the employer.

The Act also enhances the Section 179 deduction. Generally, businesses that meet certain qualifications may elect under that code section to deduct (or expense) the cost of qualifying property, rather than recover those costs through depreciation deductions.

For 2010, the maximum amount that a business may expense is \$125,000 of the cost of qualifying property placed in service during the year. This amount is reduced by the amount by which the cost of qualifying property placed in service during the tax year exceeds \$500,000. These amounts are to be adjusted for inflation.

In general, qualifying property is depreciable tangible personal property that is purchased for use in the active conduct of a business or trade. The amount that may be expensed is limited to the taxable income for the tax year that is derived from the trade or business.

### **HEALTH CARE REFORM - tax implications**

Shortly after HIRE was passed, the Patient Protection and Affordable Care Act was passed. (*I would like to have the job of the person who writes the titles for these acts*). This Act has many implications to your health care coverage, and it also has some tax ramifications that are summarized below.

To provide funding for the new health care provisions, the Act increases the Medicare hospital insurance tax for higher-income individuals by an additional 0.9 percent from the current 1.45 percent to 2.35 percent on earned income in excess of \$200,000 for individuals and families. The increase applies to persons whom receive wages or self-employment income after 2012.

Also the Health Reform Act imposes a Medicare insurance tax on the less of an individual's net investment income, or any excess of modified adjusted gross income for the year above \$200,000 and for joint filers above \$250,000. This 3.8 percent tax takes effect in 2013 (*so much for tax simplification*).

The Act discusses mandatory coverage and penalties to employers for whom these provisions apply. This discussion is beyond the subject matter discussed herein. It also provides a temporary tax credit, beginning this year, to small employers to help offset the cost of employer-provided coverage. Generally, a small employer is one with fewer than 25 employees and average annual wages of less than \$40,000.

The credit is on a sliding scale and in 2010 through 2013; eligible employers may qualify for a tax credit for up to 35 percent of their contribution toward the employee's health insurance premiums. In 2014, and beyond, eligible employers who purchase coverage through a state exchange may qualify for a credit for two years of up to 50 percent of their contribution.

An excise tax is imposed at the rate of 40% on the coverage provided, if the aggregate value of a health insurance plan provided to an individual exceeds \$10,200 and exceeds \$27,5000 for family coverage, beginning in 2018.

The health care legislation raises the threshold for the itemized medical expense deduction from 7.5 percent of adjusted gross income to 10 percent of adjusted gross income for years beginning after December 31, 2012.

Some other issues included in the legislation:

- The adoption credit has been extended through 2011, made refundable and the dollar limitation has been increased to \$13,170
- a 10 percent excise tax imposed on individuals for amounts paid to indoor tanning services
- generally any businesses that pay any amount greater than \$600 during the year to corporate and noncorporate providers of property and services will be required to file an information report with each provider and with the IRS.

***AS A WISE TAXMAN ONCE SAID:***

***A FINE IS A TAX FOR DOING WRONG  
A TAX IS A FINE FOR DOING WELL!***

**BUSINESS IS GREAT . . . AND WE ARE LOOKING FOR MORE!**