National Tax Recovery LLC

STATE & LOCAL TAX NEWSLETTER

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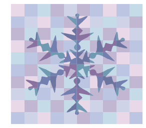

Programs & Services:

State & Local Tax Refund Program identifies and recovers overpaid state and local taxes paid directly to the State through use taxes or tax paid to vendors.

State & Local Tax Audit Assistance Program which helps clients to defend and lower their State tax audit assessment.

State & Local Tax Advisory Program which helps clients to develop and implement tax strategies that will make State & local taxes a controllable expense and explore every legitimate way to limit your tax obligation.

Income Tax Advisory Service gives clients the proper knowledge and expertise needed to interpret the complex and ever changing IRS regulations and laws.

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The Most Overlooked Tax Deductions

Years ago, the fellow who was running the IRS at the time told Kiplinger's Personal Finance magazine the he figured millions of taxpayers overpaid their taxes every year by overlooking just one of the money-savers listed here. Cut your tax bill to the bone by claiming all the breaks you deserve

STATE SALES TAXES-

You may hear that this tax break expired...which it does regularly, only to be just as regularly revived by Congress. Right now, in fact, this write-off does not exist for 2014. But we bet it will be there when you sit down with your 2014 forms. It will be resurrected during the lame duck session of Congress. This is particularly important to you if you live in a state that does not impose a state income tax. You see Congress offers itemizers the choice between deducting the sate income taxes or states sales taxes they paid. You choose whichever gives you the largest deduction. So if your state doesn't have an income tax, the sales tax write-off is clearly the way to go.

REINVESTED DIVIDENDS-

This isn't a tax deduction, but it is an important subtraction that can save you a bundle. And former IRS commissioner Fred Goldberg told Kiplinger that missing this break costs millions of taxpayers a lot in overpaid taxes. If, like most investors, you have mutual fund dividends automatically used to buy extra shares, remember that each reinvestment increases your tax basis in the fund.. That, in turn, reduces the taxable capital gain (or increases the tax-saving loss) when you redeem shares. Forgetting to include reinvested dividends in your basis results in double taxation of the dividends—once in the year when they were paid out and immediately reinvested and later when they're included in the proceeds of the sale. Don't make that costly mistakes. If you are not sure what your basis is, ask the fund for help. Funds often report to investors the tax basis of shares redeemed during the year. In fact, for the sale of shares purchased in 2012 and later years, funds must report the basis to investors and to the IRS.

OUT-OF-POCKET CHARITABLE DEDUCTIONS-

It's hard to overlook the big charitable gifts you made during the year, by check or payroll deduction (check your December pay stub).
But little things add up, too, and you can write off out-of-pocket costs incurred while doing work for charity. For example, ingredients foe casseroles you prepare for a nonprofit organization's soup kitchen and stamps you but for a school's fund-raising mailing count as charitable contributions. Keep your receipts. If your contribution totals more than $250, you'll also need an acknowledgement from the charity documenting the support you provided. If you drove your car for charity in 2014, remember to deduct 14 cents per mile, plus parking and tolls paid, in your philanthropic journeys.

STUDENT-LOAN INTEREST PAID BY MOM AND DAD-

Generally, you can deduct interest only if you are legally required to repay the debt. But if parents pay back a child's student loans. The IRS treats the transactions as if the money were given to the child, who then paid the debt. So as long as the child is no longer claimed as a dependent, he or she can deduct up to $2,500 of student-loan interest paid by mom and dad each year. And he or she doesn't have ti itemize to use this money-saver. (Mom and Dad can't claim the interest deduction even though they actually foot the bill because they are not liable for the debt.)

JOB-HUNTING COSTS-

If you're among the millions of unemployed Americans who were looking for a job in 2014, we hope you were successful….and that you kept track of your job-search expenses or can reconstruct them. If you were looking for a position in the same line of work as your current or most recent job, you can deduct job-hunting costs as miscellaneous expenses if you itemize. Qualifying expenses can be written off even if you didn't land a new job. But such expenses can be deducted only to the extent that your total miscellaneous expenses exceed 2% of your adjusted gross income. (Job-hunting expenses incurred while looking for your first job don't qualify.) Deductible costs include, but aren't limited to:

- Transportation expenses incurred as part of the job search, including 56 cents a mile for driving your own car plus parking and tolls
- Food and lodging expenses if your search takes you away from home overnight
- Cab fares
- Employment agency fees
- Costs of printing resumes, business cards, postage, and advertising

TAX POLICY NEWS

9 surprising things that are taxable

If you work for a living, you know that your wages are taxable, and you're probably aware that some investment income is taxed, too.
But the IRS doesn't stop there.

If you've picked up some cash through luck, skill or criminal activities, there's a good chance you owe taxes on that money as well. Here are nine things you may not know are taxable.

1. Buried Treasure-In February of 2013, a northern California couple were walking their dog on their rural property when they discovered six cans filled with 19th-century gold coins. The coins, which are being auctioned by Kagin's and Amazon, may be worth up to $10 million. The couple has wisely chosen to stay anonymous, but they won't be able to hide their good fortune from the IRS. Found property that was lost or abandoned is taxable at its fair market value in the first year it's your undisputed possession, the IRS says. That means the couple may have to pay federal taxes of 39.6% on their windfall, plus California state tax up to 13.3%.

The precedent for the IRS's "treasure trove" rule dates back to 1964, a couple discovered $4,467 in a used piano they had purchased for $15. The IRS said the couple owed income taxes on the money, and a U.S. District Court agreed.

2. Scholarships-If you receive a scholarship to cover tuition, fees, and books, you don't have to pay taxes on the money. But if your scholarship also covers room and board, travel and other expenses, that portion of the award is taxable. Likewise, students who receive financial aid in exchange for work, such as serving as a teaching or research assistant, must pay tax on that money, even if they use the proceeds to pay for tuition.

3. Stolen Property-If you robbed a bank, embezzled money or staged an art heist last year, the IRS expects you to pay taxes on the proceeds. "Income from illegal activities, such as money from dealing drugs, must be included in your income on Form 1040,"the IRS says. Bribes are also taxable, the IRS says.

In reality, few criminals report their ill-gotten gains on their tax returns. But if you're caught, the feds can add tax evasion to the list of charges against you. That's what happened to notorious gangster Al Capone, who served 11 years for tax evasion. Capone never filed a tax return, the IRS says.

4. Gambling Winnings-What happens in Vegas doesn't necessarily stay in Vegas. Gambling income includes (but isn't limited to) winnings from lotteries, horses= races and casinos. The payer is required to issue you a Form W2-G (which will also be reported to the IRS) If you win $1,200 or more from bingo or slot machines, $1,500 or more from keno, more than $5,000 from a poker tournament, or $600 or more at a horse track if it's more than 300 times the amount of your bet. Even if you don't receive a W2-G, the IRS expects you to report gambling proceeds on line 21 (other income) of your 1040.

The good news: If you itemize, your gambling losses are deductible, but only to the extent of winnings you report as income. For example, if you won $4,000 last year and had $5,000 in losing bets, your deduction for the losses is limited to $4,000. You can't deduct the balance against other income or carry it forward. Report the deduction on Line 28 (other miscellaneous deductions) on Schedule A.

5. Olympic Victories-Along with medal and bouquet, U.S. athletes who win top honors at the Olympics get a check from the U.S. Olympic Committee: $25,000 for gold, $15,000 for silver and $10,000 for bronze. The prize money is taxable by the IRS. Athletes who can demonstrate that their participation in sports is a business can deduct their expenses—such as travel, training and equipment—against that income.

6. Proceeds From Fantasy Sports-Your winning football (or baseball) team may be imaginary, but if your brilliant lineup helped you win real money, it's taxable. If you won $600 or more and played through a commercial Web site, you should receive a 1099-MISC reporting your earnings. The IRS will receive a copy of this form, too. Even if you won a private fantasy league among friends, your winnings are considered taxable. The rules for fantasy football fortunes are the same as those for gambling income. You can deduct your losses (entry fees in leagues you didn't win) against your gains, as long as they occurred in the same year.

7. Payment for Donated Eggs-Every year, thousands of young, healthy women donate their eggs to infertile couples. Payments for this service generally range from $5,000 to $10,000, according to Egg Donation Inc., a company that matches donors with couple. Those payments are taxable income, according to the IRS. Fertility clinics typically send donors and the IRS a Form 1099 documenting the payment.

A California woman who received $20,000 for donating eggs on two occasions has filed a suit challenging the IRS position. In a case pending in U.S. Tax Court, Nichelle Perez maintains that the payment was for pain and suffering and thus shouldn't be treated as income.

8. The Nobel Prize-If you were selected for this prestigious honor—worth $1.08 million in 2014—you must pay taxes on it. Other awards that recognize your accomplishments, such as the Pulitzer Prize for journalists, are also taxable. The only way to avoid a tax hit is to direct the money to a tax-exempt charity before receiving it. Tat's what President Obama did when he was awarded the Nobel Peace Prize in 2009. If you accept the money and then give it to charity, you probably will have to pay taxes on some of it because the IRS limits charitable deductions to 50% of your adjusted gross income.

9. Gifts from Your Employer-Ordinarily, gifts aren't taxable, even if they're worth a lot of money. But if your employer gives you a new set of golf clubs to recognize a job well done (or to persuade you to reject a job offer from a competitor), you'll probably owe taxes on value of your new irons.

State and Local Tax Policy news

Temporary tax breaks, which ones affect you?

The House tax bill extends more than 50 expired tax breaks through the end of 2014. They included:

-A tax credit for the production of wind, solar and other renewable energy. Cost: $6.4 billion

-A tax credit for research and development, benefiting a wide range of industries, including manufacturers, pharmaceutical companies and high tech companies. Cost: $7.6 billion

-An exemption that allows banks, insurance companies and other financial firms to shield foreign profits from being taxed by the U.S. The tax break is important to major multinational banks and financial firms. Cost: $5.1 billion

-A provision that allows people who live in states without state income taxes to deduct local sales taxes on their federal returns. Nine states have no tax on wages: Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming. (New Hampshire and Tennessee tax interest and dividends) Cost: $3.1 billion

-A provision that protects struggling homeowners who get their mortgages reduced from paying income taxes on the amount of debt that was forgiven. Cost: $3.1 billion

-A provision that allows restaurants and retail stores to more quickly write off the cost of improvements. Cost: $2.4 billion

-A tax break that allows profitable companies to write off large capital expenditures immediately-rather than over time-giving some companies huge tax shelters. The tax break, known as bonus depreciation, benefits automakers, utilities and heavy equipment makers. Cost: $1.5 billion

-A tax credit for employers who hire qualified veterans, ex-convicts, and people on public assistance. Cost: $1.4 billion

-A $250 deduction for teachers who use their own money to buy books and other classroom supplies. Cost: $214 million

-A tax credit for expenses related to railroad track maintenance through 2013. Cost: $207 million

-Increased tax rebates to Puerto Rico and the Virgin Islands from a tax on rum imported into the United States. The U.S. imposes a $13.50 per proof-gallon tax on imported rum, and sends most of the proceeds to the two U.S. territories. Cost: $168 million

-A provision that allows motorsport race tracks to more quickly write off improvement costs. Cost: $33 million

-A provision that boosts the amount of tax-free money employers can provide commuters to spend on public transportation. Cost: $10 million

-A tax break that allows TV and movie productions to more quickly write off expenses. Sexually explicit productions are ineligible. Cost: $6 million

Quote of the Month:

"Yesterday is gone. Tomorrow has not yet come. We have only today. Let us begin."

~Mother Teresa

IS YOUR COMPANY ENTITLED TO A STATE & LOCAL TAX REFUND?

BUSINESSES HAVE OVERPAID MILLIONS OF DOLLARS IN STATE & LOCAL TAXES WITHOUT EVEN KNOWING IT...OUR MISSION IS TO GET IT BACK FOR YOU!

—NTR LLC

HAPPY NEW YEAR

FROM

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HOSPITALITY NEWS

HOSPITALITY NEWS:

PEBBLBROOK HOTEL TRUST ACQUIRES THE WESTIN COLONNADE CORAL GABLES IN MIAMI, FLORIDA-

BETHESDA, MD.– Pebblebrook Hotel Trust announced that it has acquired The Westin Colonnade Coral Gables for $59.4 million. The 157-room upper-upscale hotel is located in Miami on Miracle Mile in the heart of Coral Gables, Florida. The hotel will continue to be operated by Davidson Hotels and Resorts.

"We're excited about the acquisition of The Westin Colonnade Coral Gables and the ability to further expand our presence in Miami, one of the fastest growing markets in the country," said Jon Bortz, Chairman and Chief Executive Officer of Pebblebrook Hotel Trust. "This hotel is our second hotel invested in Miami, and our first in the Coral Gables Submarket. The property's excellent location in this affluent and dynamic market makes the hotel a leader among its competitors, and its upside opportunity makes it an excellent addition to our high-quality portfolio."

The Westin Colonnade is a conveniently located near Merrick Park, Miami Marlins Park, the University of Miami, Coral Gables Museum, a multitude of golf courses and abundant shopping. The hotel's location is also proximate to major area corporate tenant including Club Med, Exxon-Mobil, IBM, Bacardi, Intelsat, Del Monte Fresh Produce and other top-tier institutions.

HOTEL TAX NEWS:

TAX ON HOTEL ROOMS IN PALM BEACH COUNTY JUMPS TO 6 PERCENT-

The Palm Beach County Commission voted to increase the hotel bed tax to 6 percent from 5 percent..

The tax increase, opposed only by Commissioner Hal Valeche, would bring in roughly $7 million next year.

As the Tourist Development Council had recommended, about 35 percent of the money-$2.4 million-to go to Discover The Palm Beaches, county's tourism marketing arm.

The Palm Beach County Hotel and Lodging Association had wanted 50 percent of the money-$3.4 million-to got to Discover The Palm Beaches.

But after hearing from many of the groups that would get some portion of the $7 million, commissioners voted to approve the tax increase and spend the money as the TDC had recommended..

HAPPY NEW YEAR,

NATIONAL TAX RECOVERY, LLC