



Your IRS Tax Relief
Team!

April 2015
Newsletter
(770)939-7710

H O W M
H E L P

The Gartzman Law Firm, P.C.
2851 Henderson Mill Road
Atlanta, Georgia 30341
(770)939-7710

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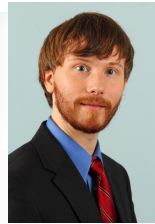
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Attorney Spotlight



Jeffrey S. Gartzman
Serving clients
throughout Georgia and
nationwide for over 30 Years!

Attorney Spotlight



Judson Mallory
Associate Attorney

Dear Tabitha,

The April 15, 2015 deadline is right around the corner. Have you prepared and filed your 2014 personal tax returns? We look forward to any opportunity to help you with your tax needs. We are always ready to assist with any tax preparation needs, future tax planning and/or getting rid of any tax problems that you may currently have. There is no better time than right now to make sure you stay on track with your monthly planning and for keeping an eye on the bottom line.

Remember, we are a tax law firm and I am an attorney and a CPA. **We prepare and file delinquent and current tax returns and solve tax problems.** If you have outstanding balances due to the IRS or state we can help you get it straightened out. We can help set you on the path of planning properly for the current 2015 tax year. Get us your tax preparation information so we can begin work on your 2014 tax return preparation, any other outstanding returns or any IRS or state problems.

We at The Gartzman Law Firm want to remind you **we are here to help** with all your tax needs and would consider it an honor to handle your tax matters.

Thank you for the opportunity to serve you this past year. Your business is appreciated, and your referrals are welcome. Please mention our name to friends and business associates who may need our services.

Sincerely,
Jeffrey S. Gartzman
The Gartzman Law Firm, P.C.
(770)939-7710



April is tax filing time

Wednesday, April 15, is the deadline for filing certain returns and taking certain tax-related actions. Here are the major deadlines.

- Filing 2014 income tax returns for individuals. If you cannot file your return by this deadline, be sure to file an extension request by April 15. The automatic extension (you don't need to explain to the IRS why you need more time) gives you until October 15, 2015, to file your return. An extension does not, generally, give you more time to pay taxes you still owe. To avoid penalty and interest charges, taxes must be paid by April 15.
- Filing 2014 partnership returns for calendar-year partnerships.
- Filing 2014 income tax returns for calendar-year trusts and estates.
- Filing 2014 annual gift tax returns.
- Making 2014 IRA contributions.
- Paying the first quarterly installment of 2015 individual estimated tax.
- Amending 2011 individual tax returns (unless the 2011 return had a filing extension).
- Original filing of 2011 individual income tax return to claim a refund of taxes. Some taxpayers have tax refunds due them for prior years, and unless a return is filed to claim the refund by the three-year statute of limitations, the refund is lost forever.

Check the tax issues in family loans

Lending to family members probably dates back to the invention of money. The IRS entered the mix a great deal later, but it now looms large in the equation. Tax problems can arise when you first lend money, as you're being repaid, or if you're not repaid. The issues usually involve imputed income, gift tax, or bad debts.

■ **Imputed income.** Imputed income is revenue presumed earned but neither recognized nor received by the alleged recipient. The IRS may impute interest on a loan at the "applicable federal rate" (AFR) when a lower rate (or no interest) is charged. The agency then assesses tax on the excess of the imputed interest over the amount required by the terms of the loan.

■ **Gift tax issue.** When the IRS imputes phantom interest, it also creates phantom taxable gifts. The imputed interest is treated as though the borrower actually paid it to the lender, whereupon the lender returned it to the borrower as a gift. Since the lender "constructively received" the additional interest, he or she owes income tax on it. Since the lender then presumably gave the interest back to the borrower, he or she also owes gift tax on it, unless an exclusion or credit applies.

■ **Bad debt deduction.** Normally, a loan that goes bad is deductible, either against ordinary income (if made for a business purpose) or as a short-term capital loss. However, when the defaulting party is related, the IRS may demand clear and convincing

Testimonials

A huge burden has been lifted off of us. Thank you again for all your effort! It was a pleasure to work with The Gartzman Law Firm. We felt very confident that our case was in the best of hands with professional ethical people.

Staff Spotlight



Tabitha Relota
Client Service Manager &
Legal Assistant

From our Staff...

Thank you for the opportunity to serve you this past year. Your business is appreciated, and your referrals are welcome.

Please mention our name to friends and business associates who may need our services.

Team Spotlight



The Gartzman Law Firm Team

evidence that the original loan was not actually a gift. Once a loan is recharacterized as a gift, no bad debt deduction will be allowed if the loan isn't repaid, and the lender also may owe gift tax on the principal unless an exclusion or credit applies. Interest need not be charged and will not be imputed on a family loan of \$10,000 or less unless the loan directly relates to purchasing or carrying income-producing assets. Without a written document imposing interest at the applicable federal rate (AFR) or higher, the loan probably will be considered a gift and thus will not be deductible if not repaid.

Interest will be imputed on a family loan over \$10,000 if the stated rate is below the AFR. However, unless the principal exceeds \$100,000, imputed interest will be limited to the borrower's annual net investment income, and no interest will be imputed if that income is \$1,000 or less. Obviously, lending to relatives can create unintended tax consequences. You should always have a written loan agreement on family loans to document the transaction for the IRS. Please contact us for guidance before you make any family loans.

To grow or not to grow? That's a business question

To grow or not to grow is a decision most successful small businesses face at some point. There can be opportunity and profit in growth, but there can be perils and risks as well. What should you as a business owner consider when you are faced with this important decision?

► **BENEFITS.** First, analyze the potential benefits of expanding your business.

- The business can often achieve attractive economies of scale from increased buying power and operational efficiency. This can often reduce your cost structure and improve your margins. Growing your margins at a faster rate than your sales growth can achieve remarkable financial results.
- Growing organizations can often attract more skilled employees who prefer larger organizations with more opportunities for promotion and development.
- Growing organizations generally have a greater opportunity to go public.

► **RISKS.** Next, take a look at the risks your business faces if you expand operations.

- Larger organizations typically require more elaborate systems and tend to be less personal than smaller companies. As it grows, the business will probably have a more rigid management structure.
- Increased complexity can result as operational issues tend to expand faster than anticipated. Operating remote locations can be very challenging.
- Loss of control may be a consequence of expanded operations. Growing companies

face significant integration changes, and developing capable managers can be difficult.

For help in analyzing your company's situation, please talk to us. We can help you weigh the benefits and risks of expanding your business.

NOTE: This newsletter includes general legal and tax topics of interest for a broad range of readers. It is not legal or tax advice that readers may rely on as a recommendation for their particular situation nor is it a promise or guarantee of a particular outcome or result.



About Our Firm:

Atlanta tax attorney and CPA Jeffrey S. Gartzman has been helping individuals and businesses with tax solutions for over 30 years. Having a local [Atlanta tax attorney](#) and CPA on the pulse of current IRS laws and regulations will save you time, stress and money.

Jeffrey S. Gartzman bolsters his down-to-earth demeanor with a background in the big leagues - serving his clients with a practical, professional and effective approach to solving tax problems large and small. We are here to help!

The Gartzman Law Firm, P.C.

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-Free Telephone Consultation-

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us to family & friends!

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