## Tax Calendar

**October 15**

Personal returns that received an automatic six-month extension must be filed today and any tax, interest and penalties due must be paid.

Electing large partnerships that received an additional six-month extension must file their Forms 1065-B today.

If the monthly deposit rule applies, employers must deposit the tax for payments in September for Social Security, Medicare, withheld income tax, and non-payroll withholding.

**October 31**

The third quarter Form 941 ("Employer's Quarterly Federal Tax Return") is due today and any undeposited tax must be deposited. (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.

If you have employees, a federal unemployment tax (FUTA) deposit is due if the FUTA liability through September exceeds $500.

**November 17**

If the monthly deposit rule applies, employers must deposit the tax for payments in October for Social Security, Medicare, withheld income tax, and non-payroll withholding.

**December 15**

Calendar-year corporations must deposit the fourth installment of estimated income tax for 2014.

If the monthly deposit rule applies, employers must deposit the tax for payments in November for Social Security, Medicare, withheld income tax, and non-payroll withholding.

## Simple Tax Savings Techniques for Security Gains

The market swings over the last several years may have you wondering whether it's time to capitalize on some market gains. While taxes should not be the main consideration in this decision, they certainly need to be considered, as they can make a significant impact on your investment return.

With that in mind, here are a couple of tax-smart strategies to consider as you analyze your investment opportunities and decide what to do about recent gains.

**Should you wait to sell until the stock qualifies for long-term capital gains treatment?**

If the stock sale qualifies for long-term capital gains treatment, it will be taxed at a maximum tax rate of 23.8%. Otherwise it will be taxed at your ordinary-income tax rate, which can be as high as 43.4%.

Clearly, you'll pay less taxes (and keep more of your gains) if the stock sale qualifies for long-term capital gains treatment. The amount of taxes you'll save depends on your ordinary-income tax bracket.

To qualify for the preferential long-term capital gains rates, you must hold the stock for more than 12 months. The holding period generally begins the day after you purchase the stock and runs through (and includes) the date you sell it. These rules must be followed exactly, because missing the required holding period by even one day prevents you from using the preferential rates.

The question then becomes: “Are the tax savings that would be realized by holding the asset for the long-term period worth the investment risk that the asset’s value will fall during the same time period?“ If you think the value will fall significantly, liquidating quickly—regardless of tax consequences- may be the better option. Otherwise, the potential risk of holding an asset should be weighed against the tax benefit of qualifying for a reduced tax rate.

Comparing the risk of a price decline to the potential tax benefit of holding an investment for a certain time is not an exact science. We’d be glad to help you weigh your options.

**Use “specific ID method” to minimize taxes**

If you are considering selling less than your entire interest in a security that you purchased at various times for various prices, you have a couple of options for identifying the particular shares sold:

(1) The first-in, first-out (FIFO) method and

(2) The specific ID method.

FIFO is used if you do not (or cannot) specifically identify which shares of stock are sold, so the oldest securities are assumed to be sold first. Alternatively, you can use the specific ID method to select the particular shares you wish to sell. This is typically the preferred method, as it allows you at least some level of control over the amount and character of the gain (or loss) realized on the sale, which can lead to tax-savings opportunities.

The specific ID method requires that you adequately identify the specific stock to be sold. This can be accomplished by delivering the specific shares to be sold to the broker selling the stock. Alternatively, if the securities are held by your broker, IRS regulations say you should notify your broker regarding which shares you want to sell and the broker should then issue you a written confirmation of your instructions.