Newsletter
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TYLER LYNCH PC

CERTIFIED PUBLIC ACCOUNTANTS | BUSINESS CONSULTANTS

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The Defense of Marriage Act

The Defense of Marriage Act is a United States federal law that allows states to refuse to recognize same-sex marriages. On June 26th of this year, the US Supreme court decided that Section 3, the section barring same-sex married couples from being recognized as 'spouses' for purposes of federal law, was unconstitutional.

Justice Anthony Kennedy, speaking for the 5-4 majority, said DOMA was unconstitutional because it violated the right to liberty and to equal protection for gay couples. "By seeking to displace this protection and treating those persons as living in marriages less respected than others, the federal statute violates the Constitution", he said.

Prior to this landmark decision, under the Defense of Marriage Act, gay couples who were legally married in their states were not considered married in the eyes of the federal government, and were ineligible for the federal benefits that come with marriage. Now, same-sex married couples will officially be able to file a joint federal return in the tax year 2013.

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Roth IRA Conversions

There is much upside in including a Roth IRA in your overall retirement plan. Roth IRAs have the potential to grow tax-free. Also, withdrawals aren't mandatory during the lifetime of the original owner, and Roth IRA assets may pass to your heirs tax-free.

Some of the major differences between a traditional and Roth IRA is that with a Roth you cannot deduct contributions but you can make contributions after you reach age 70 ½.

If you already have a traditional IRA or a qualified employer-sponsored plan, such as a 401(k) plan, you may qualify to convert it to a Roth IRA. Depending upon your personal financial situation, a Roth IRA conversion could potentially provide a tax-free appreciation, provided you meet the eligibility requirements and income limits. For married couples filing jointly, the phase-out range for 2013 is $178,000 to $188,000. For singles, the phase-out range for 2013 is $112,000 to $127,000.

If you are interested in finding out more information regarding Roth IRA's, or converting your traditional IRA to a Roth, feel free to contact us!

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Another major provision is that these same couples will be permitted to go back to any tax year still open and amend a previously filed tax return as a married couple.

Same-sex couples will be treated as married for all federal tax purposes, but what does that really mean? This ruling includes income and gift and estate taxes.

It applies to all federal tax provisions where marriage is a factor, including filing status, claiming personal and dependency exemptions, taking the standard deduction, employee benefits, contributing to an IRA, and claiming the earned income tax credit or child tax credit.

A reoccurring question among those affected is, what will be the treatment of a legally married same-sex couple that resides in a state that doesn't recognize same-sex marriages'? The ruling says that the IRS will treat as married a couple those who were lawfully married in a state that recognizes same-sex marriages, even if the couple resides in a state that does not recognize the marriage.

Section 179 Expenses

One of the most difficult obstacles for small businesses is being able to afford start up costs. Ordinarily the taxpayer cannot immediately deduct these purchases, but can expense them for tax purposes over a 3 to 7 year period.

However fast depreciation in the year of purchase may be available using an IRC (Internal Revenue Code) Section 179 election.

Some limits to the Section 179 deduction are as follows:

1) Dollar Maximum - The maximum dollar amount a business can expense via Section 179 varies by tax year and is currently $500,000.

2) Business Income - The amount of your Section 179 expense deduction is limited to the amount of net income (profit) you have from your businesses before the fast depreciation. If your business has a tax loss, no Section 179 deduction is available..

3) Percentage Use - Certain types of equipment, including computers used in home offices, are used partially for business purposes and partially for personal benefit. For example if total equipment purchased was $10,000 and business use was 60%, the amount of eligible section 179 depreciation would be $6,000.

If you would like more information on these topics or if you would like to read other relevant topics, please refer to our website at

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