Santos Associates Accountants Dispels Tax Myths

Edward J. Santos, ofSantos Associates Accountants, lists the top five myths and truths regarding taxes.

Pembroke Pines, FL (PRWEB) January 16, 2017 -- Santos Associates Accountants is one of the most recommended accounting, certified financial planning and tax specialist firms serving South Florida and the United States. “We pride ourselves in our proactive approach, and try to dispel some of the myths surrounding taxes,” said Edward J. Santos, founder of Santos Associates Accountants.

To help people better understand taxes, Santos lists the following five truths vs. myths:

No. 1 Myth: Filing a tax return extension increases the chance of an IRS audit. Truth: “Filing for an extension actually reduces your risk of an audit because you have up to six extra months to make sure you have complete and accurate information and documents,” said Santos. “If there are not any red flags, the IRS will more than likely pass you over for an audit.”

No. 2 Myth: Social Security income is tax-free. Truth: “In reality, up to 85 percent of your Social Security income may be taxed,” added Santos. “The IRS uses a formula to determine the taxable amount. The amount of your benefit that will be subject to tax is based upon other income reported on your tax return.”

No. 3 Myth: It’s easy to write off gambling losses. Truth: Taxpayers can only claim deduction on losses equal to or less than their winnings. “For example, you win $500 gambling, but you lose $1,000 in gambling in the same year. Under the rule, you can only claim up to $500 (the amount of your winnings) in losses on your tax return,” said Santos. “Gambling income and losses are among the favorite items that the IRS looks for when ordering an audit. If you do write off your gambling losses, be sure that you have all your claims. Many casinos offer a ‘profit and loss statement’ that will substantiate those activities.”

No. 4 Myth: My income is too high to contribute to a Traditional IRA. Truth: While the deductibility of IRA contributions is phased out if someone participates in a retirement plan at work (401k, 403b) and has a household income above the threshold, anyone with an earned income can contribute to an IRA. Santos added, “Even if it’s determined that your IRA contributions are nondeductible, the earnings would still grow tax deferred.”

No. 5 Myth: If you do not use the money in your employee Health Savings Account (HSA) every year, you will lose it. Truth: “The money in your HSA, contributed by the employer and the employee, is not subject to the ‘use it or lose it’ feature of health care FSAs and is yours to keep,” concluded Santos. “If you do not use the money in your HSA account that year, you can access the money anytime in the future. An HSA account is a fully portable benefit, available even if you change jobs or retire.”

About Santos Associates Accountants
Santos Associates is a family owned and operated business including tax practitioners Edward J. Santos, Patricia Santos Golis, Edna Santos Modlics and Susan Santos Stevens. Contact Santos Associates for professional advice for your tax situation. Its team of tax professionals keep current on tax law changes, will save you time and offer insight on how to use the tax breaks available to you. For more information, please call (954) 437-1040, or visit www.low-tax.net. Their office is located at 1961 N.W. 150th Avenue, Suite 104,

Pembroke Pines, FL 33028 in the Hampton Professional Center.

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