

Form 1120S		U.S. Income Tax Return for an S Corporation Department of the Treasury — Internal Revenue Service		
Department of the Treasury — Internal Revenue Service	(99)		OMB No. 1545-0074	IRS Use Only — Do not write or staple in this space.
Form 1040	U.S. Individual Income Tax Return			
For the year Jan. 1 - Dec. 31, , or other tax year beginning , ending , 20				See separate instructions.
Your first name and initial		Last name		Your social security number

Santos Associates Accountants Dispels Tax Myths

Pembroke Pines, FL (December 2016) – Edward J. Santos, of [Santos Associates Accountants](#), lists the top three myths and truths regarding taxes.

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 on 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 three truths vs. myths:

No. 1 Myth: Filing a tax 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 aren’t 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,” concluded Santos. “Gambling income and losses are among the favorite red flags 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. Even if it’s determined that your IRA contributions are nondeductible, the earnings would still grow tax deferred.

No. 5 Myth: You have to be 59 ½ to access Roth IRA money tax and penalty free.

Truth: You have to be 59 ½ and have established a Roth IRA at least 5 years ago in order for everything in your Roth IRA to be tax and penalty free for life. Funds that have been converted to a Roth IRA often receive the same tax treatment. After all, you paid the tax on those funds when you made the Roth conversion, didn't you? They will also be penalty free if your conversion took place more than five years ago or if you are already over 59 ½.

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 and can 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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