

ALERTS:

Plan Now for Huge Tax Increases in 2013!

Major changes in federal and state tax laws, scheduled to take effect on January 1, 2013, make it *imperative* to plan ahead now! The biggest impact will be the rise in the federal capital gains tax rate from the current 15% to a possible maximum of 23.8% (the final 3.8% of which is to help fund the new federal health care law) and the federal qualified dividends tax rate, which will almost triple, from the current 15% to a possible maximum of 43.4%. In addition, the highest federal ordinary income tax rate will increase from 35% to 39.6% and up to 43.4% on unearned income for certain taxpayers. This is expected to cause acquisitions and business sales activity to spike over the next six months, putting a premium on getting deals into the pipeline early.

In addition, on January 1, 2013, the federal estate and gift tax exemption will decrease to \$1,000,000, and the top federal estate and gift tax rate will increase to 55%. The prospect of even higher death tax liability looms in states which have no estate tax this year, such as Arizona, Florida, South Dakota, and Wisconsin, which will add top estate tax rates of 16% to this burden. As a result of these scheduled changes, it is important to review your business and personal succession plans to ensure that you have maximized your current year transfers and gifts.

Enforcement Guidance on Consideration of Arrest and Conviction Record

The Equal Employment Opportunity Commission issued a long-awaited Enforcement Guidance on April 25, 2012, updating the EEOC's position on how an employer's use of criminal records can constitute discrimination based on race, national origin, religion, or gender. The Enforcement Guidance emphasizes the importance of a narrowly tailored exclusion and the opportunity for the applicant or employee to provide additional information as part of the process. The Enforcement Guidance also cautions that reliance on a state or local law requiring screening is not a defense if the law imposes a restriction that is not job related and consistent with business necessity.

If you would like assistance in assuring best practices in either of these areas, please contact your attorney at Moss & Barnett.

