

SMALL BUSINESS GROUP

1804 University Blvd. West
 Jacksonville, FL 32217
 (904) 731-2221 Office
 (904) 731-5544 Fax
www.SmallBG.com

CONTACT



MARCH 2013

Vol. XXXVII NO. 3



3/10 **Congratulations!**
 • SBG's 35th Anniversary

3/15
 • Payroll tax deposit due if liability is over \$2500
 • **Corporate Tax Returns due for year end 12/31/12**

3/20
 • Sales tax reports due

4/1
 • Tangible Tax Returns due

OFFICE HOURS:

**8 am - 5 pm
 Monday - Friday**

*We are open
 on Fridays during
 tax season
 (January - April)*

Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Feb 27-Mar 1	Mar 6
Mar 2-5	Mar 8
Mar 6-8	Mar 13
Mar 9-12	Mar 15
Mar 13-15	Mar 20
Mar 16-19	Mar 22
Mar 20-22	Mar 27
Mar 23-26	Mar 29
Mar 27-29	Apr 3
Mar 30-31	Apr 5



FLORIDA TANGIBLE PERSONAL PROPERTY RETURNS



We are using the SBG Portal to provide you with copies of your tax return, K-1 packages and tangible personal property tax returns. We will email you when they are ready for you to retrieve from the SBG Portal.

PLEASE NOTE: If you receive a Florida Tangible Personal Property Tax Return (FL-PPT) in your portal, you need to print & sign the return and mail it to your County Tax Appraiser before April 1st. The mailing address for your County Tax Appraiser will be listed on the Filing Instructions in the FL-PPT file. *(Please do not mail the tangible return to SBG as this will delay the filing.)*

PLEASE EMAIL SBG WHEN YOU HAVE MAILED YOUR TANGIBLE RETURN. There is no money required with the Tangible Return. The County Tax Appraiser will bill you at the end of the year for any tax that is due. If you have any questions, please contact SBG.



1040 Tax Appointment Deadline



We are working hard to timely complete your personal tax returns by the due date. However, in order to do this, **we need to have all of your information (including your organizer) into our office by March 29th.** Call to make an appointment or send in your information NOW. **Time is ticking away! The last day we can schedule a tax interview appointment is March 29th. We reserve the last two weeks before the April 15th deadline for processing tax returns.**

CONTACT Kewanna or Charia — they are waiting for your call!

Make IRA Contributions by April 15th



Be sure to make your IRA contributions for 2012 by **April 15, 2013.** Remember both spouses can make a deductible contribution of up to \$5,000 per year (\$6,000 if over 50 yrs.) to an IRA as long as your **joint** compensation is at least \$6,000. Caution: If one spouse is covered by a pension, don't forget the "phase out" rules! Contact SBG!



2013 Annual Report Notice



You have probably already received a very important email or possibly a little card called "Annual Report Notice" in the mail. (If you have not received yours yet, be on the look out for it.) It tells you how to file and pay your 2013 Annual Report Fee online by credit card. If you prefer to pay by check, you can download the form or send the postcard back to the state to request a paper form. (This will take mailing time so don't wait until the filing deadline.) Can SBG take care of this? Yes, we will be happy to assist you with this for a charge of \$50. Please CONTACT us and send us the card if you need SBG's services.

All corporations and LLC's must pay this filing fee in order to keep their corporation active in the state. **If you file after May 1st, there is a late penalty of \$400. If you let it lapse, it could cost you \$700 to reinstate.** When you read this, stop and be sure you have filed the form and paid this fee. If you haven't, do it now and save yourself some money!!!

Employment taxes: Listen to reason

Frequently, owners of C corporations are accused of receiving excessively high compensation amounts, to avoid having profits taxed at both corporate and individual levels. Conversely, S corporation owners may attempt to keep their salaries low to avoid employment taxes on wages.

Strategy: Arrange “reasonable” compensation for services actually rendered. In a case decided by the 8th Circuit early last year, the IRS prevailed when it questioned the amounts paid to the owner of a personal service firm established as an S corporation. (*David E. Watson P.C.*, 668 F.3d 1008, 8th Circ., 2/21/12) Now the U.S. Supreme Court has refused to review the matter. *Result:* Case closed.

Facts of the case: A CPA in Iowa was the owner and sole employee of an S Corp contracted to work exclusively for another firm in which he was a 25% shareholder. In both 2002 and 2003, he was paid \$24,000 in stated annual wages. But he also received \$200,000 in purported dividends in 2002 and \$175,000 in dividends in 2003. While wages are subject to federal employment taxes, S corporation dividends are not.

When the case went to trial, the government’s expert witness established the fair market value of the CPA’s accounting services to be approximately \$91,000 per year. The expert relied on several compensation surveys and studies to help form his opinion, taking into account factor such as the absence of any other employees in the S corp.

The 8th Circuit determined that an annual salary of \$91,000 would have been a reasonable compensation for the CPA’s services. Accordingly, it sided with the IRS and upheld Social Security and Medicare tax deficiencies, penalties and interest totaling more than \$23,000.

Tip: Expect the IRS to continue to take the same approach in other instances involving professional practices organized as S corporations, especially if it appears that the taxpayers has adopted a miniscule salary to reduce employment tax liability.

Small Business Tax Strategies — March 2013

Line up compensation factors

Several factors may affect a determination of compensation, including the following:

- The nature, extent and scope of the employee’s work
- The employee’s experience and qualifications
- The company’s compensation policies
- Relation of the employee’s compensation to the company’s income
- Relation of the employee’s compensation to distributions to shareholders
- A comparison of the employee’s compensation to comparable positions at comparable businesses in the same area.

GROW our Business

HELP US

Do you KNOW an Entrepreneur?

Refer them to Small Business Group & they will receive a one-on-one consultation... **FREE!**

If they sign up with SBG, YOU could receive a credit on next year’s client engagement.

Contact SBG at 731-2221

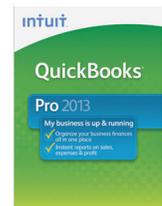
QuickBooks Corner!

Payroll Updates

Please remember that it is very important for you to install all Payroll Updates you receive from Intuit to ensure your tax rates are up-to-date with the current tax tables. Also, for 2013, the employee & employer portion of the Social Security tax are each 6.2%. Applying the Payroll Updates from Intuit will ensure the Social Security tax is calculated properly. If you need help verifying whether or not you have the correct information, contact SBG.



QuickBooks Pro 2013



The new QuickBooks 2013 product line has been released and SBG is giving the go-ahead to anyone who is ready to upgrade. There is a new look to QB 2013 — more of an “online” feel to it. Give your friends at SBG a call if you need help with the transition!

Important Alert

for QuickBooks 2010 Users:

For those clients using the payroll service with QuickBooks 2010 Basic or Pro, you will need to update to a newer version of QuickBooks ASAP. After May 1, 2013, Intuit’s Tax Table Service will no longer be available and the program will stop calculating payroll taxes.

You can order the new 2013 version of QuickBooks online at <http://quickbooks.intuit.com>, <http://amazon.com> or purchase it at a local office supply store. (**Be sure to do a backup BEFORE upgrading to the new software.**) Contact SBG if you need help with the upgrade.