CIRIMELLI, PYLE & ASSOCIATES LLP
CERTIFIED PUBLIC ACCOUNTANTS

Online Advisor – November 2017

Major Tax Deadlines For November 2017

For November 2017

During November: It's wise to estimate your 2017 income tax liability and review your options for minimizing your tax bill. Call us if you'd like to schedule a tax-planning session.

Note: Businesses are required to make federal tax deposits on dates determined by various factors that differ from business to business.

Payroll tax deposits: Employers generally must deposit Form 941 payroll taxes (income tax withheld from employees' pay and both the employer's and employees' share of FICA taxes) on either a monthly or semiweekly deposit schedule. There are exceptions if you owe $100,000 or more on any day during a deposit period, if you owe $2,500 or less for the calendar quarter, or if your estimated annual liability is $1,000 or less.

* Monthly depositors are required to deposit payroll taxes accumulated within a calendar month by the fifteenth of the following month.

* Semiweekly depositors generally must deposit payroll taxes on Wednesdays or Fridays, depending on when wages are paid.

For more information on tax deadlines that apply to you or your business, contact our office.

What's New In Taxes

Year-end tax checklist

As the year draws to a close, there are several tax-saving ideas you should consider. Use this checklist to make sure you don't miss an opportunity before the year is out.

* **Retirement distributions and contributions**. Make final contributions to your qualified retirement plan, and take any required minimum distributions from your retirement accounts. The penalty for not taking minimum distributions can be high.

* **Investment management.** Rebalance your investment portfolio, and take any final investment gains and losses. Capital losses can be used to net against your capital gains. You can also take up to $3,000 of capital losses in excess of capital gains each year and use it to lower your ordinary income.

* **Last-minute charitable giving.** Make a late-year charitable donation. Even better, make the donation with appreciated stock you've owned more than a year. You can often make a larger donation - and get a larger deduction - without paying capital gains taxes.

* **Noncash contribution opportunity.** Gather up noncash items for donation, document the items and give those in good condition to your favorite charity. Make sure you get a receipt from the charity, and take a photo of the items donated just in case.

* **Gifts to dependents and others. You** may provide gifts to an individual tax-free of up to $14,000 per year in total. Remember that all gifts given (birthdays, holidays, etc.) count toward the total.

* **Organize records now.** Start collecting and organizing your end-of-year tax records. Estimate your tax liability and make any required estimated tax payments.

If you'd like help determining what year-end tax moves are the most beneficial for your situation, give us a call.

6 must-dos when you donate to charity

Donations are a great way to give to a deserving charity, and they also give back in the form of a tax deduction. Unfortunately, charitable donations are under scrutiny by the IRS, and many donations without adequate documentation are being rejected. Here are six things you need to do to ensure your charitable donation will be tax-deductible:

1. Make sure your charity is eligible. Only donations to qualified charitable organizations registered with the IRS are tax-deductible. You can confirm an organization qualifies by calling the IRS at (877) 829-5500 or visiting the IRS website.

2. Itemize. You must itemize your deductions using Schedule A in order to take a deduction for a contribution. If you're going to itemize your return to take advantage of charitable deductions, it also makes sense to look for other itemized deductions. These include state and local taxes, real estate taxes, home mortgage interest and eligible medical expenses over a certain threshold.

3. Get receipts. Get receipts for your deductible contributions. Receipts are not filed with your tax return but must be kept with your tax records. You must get the receipt at the time of the donation or the IRS may not allow the deduction.

4. Pay attention to the calendar. Contributions are deductible in the year they are made. To be deductible in 2017, contributions must be made by Dec. 31, although there "is" an exception. Contributions made by credit card are deductible even if you don't pay off the charge until the following year, as long as the contribution is reported on your credit card statement by Dec. 31. Similarly, contribution checks written before Dec. 31 are deductible in the year written, even if the check is not cashed until the following year.

5. Take extra steps for noncash donations. You can make a contribution of clothing or items around the home you no longer use. If you decide to make one of these noncash contributions, it is up to "you" to determine the value of the contribution. However, many charities provide a donation value guide to help you determine the value of your contribution. Your donated items must be in good or better condition and you should receive a receipt from the charitable organization for your donations. If your noncash contributions are greater than $500, you must file a Form 8283 to provide additional information to the IRS about your contribution. For noncash donations greater than $5,000, you must also get an independent appraisal to certify the worth of the items.

6. Keep track of mileage. If you drive for charitable purposes, this mileage can be deductible as well. For example, miles driven to deliver meals to the elderly, to be a volunteer coach or to transport others to and from a charitable event, can be deducted at 14 cents per mile. A log of the mileage must be maintained to substantiate your charitable driving.

Remember, charitable giving can be a valuable tax deduction - but only if you take the right steps.

New Business

Business disaster recovery plan essentials

Irish writer Oscar Wilde advised us to "expect the unexpected." He would have made a good disaster planner. Small businesses are the most impacted because they do not usually have a formal disaster recovery plan. As a result, 40 to 60 percent of small businesses close permanently after a disaster, according to Liberty Mutual Insurance.

Don't be a part of that statistic. Now is a great time to review your business' disaster recovery plan, or to make one if you don't have one. By focusing on some of the most critical elements of a disaster plan, you can avoid being overwhelmed by the challenge.

Set your roster

The first step in your disaster plan should be to determine what skill sets you will need in a disaster, and who should be part of the team. The size of your team will vary, but could include IT, HR and operations personnel. Determine who your backups are and what outside resources and personnel you can use.

Assess your risk

You need to understand your risks before you address them. Consider your physical locations and determine the hazards unique to your region - floods, hurricanes, tornados, earthquakes, etc. Focus on the events most likely to occur, but also save some time to consider outside possibilities.

Create your plan

Determine and rank the most critical functions and processes for your business. Next, determine how these could be affected by the risks you've identified. You should end up with two lists: your most important business factors, and those most at risk. Now you are ready to create a recovery plan that focuses on critical business functions and applies them to the various types of possible business interruption. Your plan should:

* Consider offsite backups and vendors to help assist with implementing a data storage backup plan. Assess where you store the critical information upon which each of your business functions rely.

* Establish alternative or remote work arrangements for employees, including their physical, logistical and data needs.

* Create an annual review of your insurance policies. Evaluate the worth of business interruption coverage within your property and casualty insurance. You may wish to offset some of the potential loss of both business income and recovery expenses within these policies.

* Consider any opportunities for tax relief from losses sustained as a result of a disaster. Have a plan to keep detailed records and build the appropriate supplier team to help determine the best approach for your business.

* Make sure you plan for a variety of losses. This can be loss of electricity, a fatal crash of your business systems or material damage to inventory and production capacity.

Communicate

Document your plan so it is clear, accessible and easy to implement. Share it with everyone on your disaster roster so they know who is responsible for what and how they should act. Review and test your plan at least annually with your roster, and distribute any changes to keep everyone informed.

With luck, you will never need to use your business disaster recovery plan. Although we can never prevent disasters, we can do our best to reduce the impact they have on business operations.

Navigate the small business tax maze

Small business owners face a continual headache dealing with government mandates for a jumble of federal, state and local taxes. Complying means endless paperwork, ongoing deadlines and ever-looming threats of audits and penalties. Here are some of the most common twists and turns in the small business tax maze.

Employee requirements

Employers must withhold federal income tax from employees' wages based on their W-4s and the applicable withholding tables provided in the Employer's Tax Guide on the IRS website. You must also withhold Social Security (FICA) and Medicare taxes from each employee's wages and pay matching amounts out of pocket. Finally, you must pay Federal Unemployment Tax (FUTA) for your employees, entirely from your own funds.

FICA and Medicare taxes (employer and employee portions), as well as federal income tax withheld, must be deposited either monthly or semi-weekly, depending on the amounts involved. FUTA deposits are required for each quarter wherein the cumulative tax exceeds $500.

To report federal income tax withheld, Social Security and Medicare taxes, most businesses must file Form 941, Employer's Quarterly Federal Tax Return. FUTA is reported annually on Form 940, Employer's Annual Federal Unemployment Tax Return. You also must complete Form W-2, Wage and Tax Statement, annually for each employee and transmit copies (with Form W-3, Transmittal of Wage and Tax Statements) to the Social Security Administration. Additional copies must be provided for state and local tax departments and each employee.

Self-employment

Sole proprietors, general partners, independent contractors and others who work for themselves must report self-employment tax to cover their Social Security and Medicare. They must also make quarterly estimated tax deposits to cover their expected self-employment and individual income tax liabilities.

State and local

As if the federal requirements weren't enough, each state also has individual requirements for reporting and paying taxes. These may include state income tax due and withheld, state disability insurance, state unemployment insurance and sales tax. Local governments such as counties and cities can often levy their own taxes (including property, business license and gross receipts), which have separate reporting and payment requirements.

Make managing your taxes easier

To keep track of your obligations, create a calendar that maps out each tax-related deadline that applies to your particular business. It's also worth writing out simplified procedures for submitting required reports, computing taxes and making payments.

Given the complexity of small business taxes, the best bet is to get the guidance of a professional to help you with the computing and reporting process. Call for a review of your tax calendar and procedures, or if you have any questions.

The Equifax breach and you: be proactive

Earlier this year, hackers were able to breach the security of Equifax, one of the three national credit reporting agencies. More than 143 million Americans - nearly half the entire country - were exposed to the attack, and may have had their personal information stolen (including names and birthdates, and Social Security and driver's license numbers).

Equifax is still determining exactly whose data has been exposed. While you wait to find out, it's worth taking a few proactive steps to make sure your info isn't misused by hackers.

1. Start checking. Visit Equifax's website at www.equifaxsecurity2017.com and enter your last name and last six digits of your Social Security number. The site will tell you whether it's likely or not your data has been exposed, and put you on a list to get more information. You can also sign up for a year's worth of free credit monitoring.

2. Watch your statements. Start checking your credit card statements, and pay special attention to cards you don't use often. The initial reports from the breach were that hackers may have been making charges on underused cards.

3. Check your credit reports. You can look for suspicious items on your reports, such as new accounts being opened in your name, at all three credit report agencies: Equifax, Experian and TransUnion. Free annual reports are available at www.annualcreditreport.com. You may want to stagger your use of the reports to one from each agency every four months. More frequent checks will cost you a small fee.

4. Freeze your credit. If you suspect you may become a victim of identity theft, you can place a credit freeze on your profile at each of the three credit reporting agencies. This stops new accounts from being opened in your name. Note that you'll have to unfreeze your accounts if you want to apply for new loans or make your credit accessible for things such as job applications.

5. File your taxes early. One of the most common ways identity thieves use your information is to try to claim a tax refund with your data. This was the most common scam in 2016, according to the Better Business Bureau. If you file your tax return as early as possible, you shut down this opportunity for any would-be thieves.

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What's New In Financial Strategies

5 tips for smarter banking

Banks are a necessary tool to navigate our daily financial lives. Unfortunately, there are aggravating practices at many banks that drive us crazy or cost us money. Here are five tips to get more out of your bank and pay less.

Tip #1: Remove cash from the right place. Never use an ATM machine that is not in your bank’s network. In-network cash withdrawals cost nothing at most banks, but withdrawals from someone else’s machine may come with a $3 to $5 fee.

"Action: Turn over your ATM or debit card and note the networks on the back of the card; or ask your bank about their network coverage. Only use ATMs within the network. Test a transaction to ensure no fee is included on your statement."

Tip #2: Notify your credit card issuer when traveling. Most credit card-issuing banks now automatically freeze your cards when a suspicious transaction occurs out of state. This freeze often includes foreign website transactions.

"Action: Call your credit card issuer when you are going to be traveling. Also notify them if you wish to order an item from a foreign website. This can alleviate numerous headaches. While some banks may not block out-of-state transactions, you do not want to have a transaction rejected while purchasing something on a trip."

Tip #3: Know your bank’s overdraft rules. Non-sufficient funds (NSF) checks are not only embarrassing, they are expensive. Banks make millions on their overdraft fees and automatic loan features when you overdraw your account. Understand your bank's fees and how they apply your payments.

"Action: Look for a bank that will allow you to link another account to your checking account without charging a fee. For instance, as a courtesy many credit unions allow you to link a savings account to your core checking account. This link comes into play should you inadvertently overdraw your checking account."

Tip #4: Always negotiate fees. If you are a long-standing customer with your bank or credit card company, call them to reduce or waive fees. Good examples of this are over-the-limit credit card fees or late payment fees. If you have multiple checking overdraft fees, negotiate to eliminate as many as possible.

"Action: If you are late in paying your credit card or have an overdraft, fix the problem as soon as possible. Only after fixing the problem should you call to negotiate the fees. The bank customer service representative will see your quick action and will be more likely to help reduce the fees."

Tip #5: Be willing to shop. Banks understand the power of inertia. They know it's a pain to change banks. But if you are willing to do so, you might be surprised to find better alternatives for less.

"Action: Even interest on savings accounts varies widely from bank to bank. Use the internet to quickly see who is paying what in interest. Do the same for any loans, especially car loans, which vary widely."

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