



JUNE 2012

Vol. XXXVI NO. 6

## Calendar

6/15

- Payroll tax deposit due if liability is over \$2500
- 2nd installment of 2012 estimated tax due

6/20

- Sales tax reports due

7/4

- Office is Closed for Independence Day



### Office Hours:

8 am to 5 pm  
Monday - Thursday

**Closed on Fridays**

## Important Dates!

### Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
May 26-29	Jun 1
May 30-Jun 1	Jun 6
Jun 2-5	Jun 8
Jun 6-8	Jun 13
Jun 9-12	Jun 15
Jun 13-15	Jun 20
Jun 16-19	Jun 22
Jun 20-22	Jun 27
Jun 23-26	Jun 29
Jun 27-29	Jul 5
Jun 30	Jul 9



## Is your Credit Card terminal on an encrypted line?



If you are using Comcast for your business phone carrier (or any other VOIP carrier) and you accept credit cards using a terminal, you might be at risk of having your credit card data stolen. Did you know when you send the Settlement data over the “phone line” using a VOIP that the data is not encrypted and can be easily hacked and stolen. If it is stolen, you could face fines of \$20,000 or more.

If you would like more information on how you can process your credit cards securely and potentially save money at the same time, contact Kewanna at 731-2221, ext. 11 or by email at [kgroman@smallbg.com](mailto:kgroman@smallbg.com).



## 5 Ways to Pump Up “Commuting” Deductions



Gas prices have soared this year, but at least you can salvage some tax relief.

**Strategy:** Squeeze every last deductible dime out of your business travel expenses.

Although you generally can’t deduct the cost of going to and from work, you may be able to write-off certain “commuting” expenses. Here are five prime examples.

1. **Short stops:** It may be convenient to visit a client on the way into work or on the way home. If you do, you can deduct the cost attributable to the travel between your regular place of business and the client’s business location.
2. **Separate offices:** If you drive between two or more business locations during the day, you can deduct the costs between the different business locations.
3. **Long-distance commuting:** Suppose you spend a couple of weeks visiting a client’s office outside your local geographic area. You never go to your regular workplace. In this case, you can deduct the cost of your daily commute.
4. **Temporary assignments:** It may be necessary to work at a distant business site for a few months. Instead of commuting daily, you stay near the work site and come home on weekends. Assuming that the job lasts no more than a year, it qualifies as a temporary assignment. You can deduct lodging and meal expenses (within certain limits) plus the cost of the weekend trips.
5. **Night school:** If you’re taking courses at a local college to improve your job skills, you may go straight to school after work. The cost of travel between work and the school is deductible.

**Tip:** Unreimbursed employee travel expenses are deductible as miscellaneous expenses subject to the usual 2%-of-AGI limit.



## Cut back on payment of estimated taxes

Don't be caught off-guard by the next installment due date for estimated taxes. The deadline for the second-quarter installment is June 15, 2012. Fortunately, you can avoid tax penalties if you paid the amount required under one of three safe-harbor methods.

**Strategy:** Use the safe harbor method that suits you best. You might even switch methods midway through the year. There's nothing in the tax law requiring you to stick with the same method through thick and thin.

*Here's the whole story:* You're generally required to pay annual income tax in quarterly installments or through payroll tax withholding (or a combination). The quarterly due dates for the tax payments are April 15, June 15, Sept. 15 and Jan. 15 of the following year (or the following business day if the due date falls on a weekend or holiday). Failure to pay the required tax can result in the penalty.

However, you can sidestep any problems by using any one of these three safe harbors.

1. **You pay at least 90% of the current year's tax liability.** This requires you to make a calculated "guesstimate" of your current tax situation.
2. **You pay at least 100% of the prior year's tax liability** (110% if your adjusted gross income for the prior year exceeded \$150,000). This is often the easiest method to use because you know the exact amount of your previous tax liability.
3. **You pay at least 90% of the current year's "annualized income."** The annualization method often works well for certain individuals, such as independent contractors, who receive most of their income on a seasonal basis.

Of course, the easiest way isn't always the best way. For instance, you might be able to pay the IRS less up front, and keep more tax dollars in your own pocket, by switching safe harbor methods before the end of the year (*see example below*). Contact SBG if you would like to discuss this in greater detail.

*Small Business Tax Strategies — June 2012*

### Example of Switching Safe Harbor Methods Midstream

You're a self-employed individual who had \$24,000 of tax liability in 2011. To keep things simple, you paid in 25% of last year's tax liability, or \$6,000, before the April 17 deadline for the first quarterly estimated tax installment for the 2012 tax year. That's right in line with your income for the first quarter.

But suppose your business revenue falls substantially in the second quarter, resulting in an actual tax liability of only \$3,000. If you switch to the method based on 90% of your current tax liability, your tax payment for the second quarter comes to only \$2,700 (90% of \$3,000) or \$3,300 less than the safe harbor amount based on your 2011 tax bill. This cuts your quarterly payment by more than half. Alternatively, you might use the annualized method, which involves a few extra calculations.

No matter which safe harbor method you use, each quarterly installment stands on its own. *Caution:* The payment you make for any particular quarter, plus the amounts paid in previous quarters, must equal the amount you would have paid if you were using the new method all along.

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## Save Those Receipts

One of the most important things a business owner can do is to keep good records throughout the year. If the IRS examines your tax return, any expense you failed to document could be disallowed.

Be sure to keep all receipts to verify exactly what was purchased and when. Keep credit card receipts, credit card statements and bank statements (along with cancelled checks) to verify that the money was actually spent. Designate a spot in your office specifically for expenses and go through them periodically. You can group and total similar expenses together. Good record keeping will give you a better idea of the types of expenses you are incurring and your bottom line. An added benefit is that, when it comes time to file your tax return, you'll be more prepared.

## QuickBooks Corner: Protect yourself from fraud

As a business owner, it is important for you to keep an eye on your checking account to be sure an employee is not misappropriating funds. How can you do this? Periodically, obtain check copies from your bank and match them to your QuickBooks bank reconciliation report to make sure the payee in QB is the same as the one written on the check itself. Most banks will give you the option of receiving check images with your statements.

If you would like more information in how you can protect yourself from fraud, contact SBG at 731-2221 or [sbg@smallbg.com](mailto:sbg@smallbg.com).

## Do a home inventory



Take photos of your home or, even better, make a video showing the contents. Describe the items, their acquisition dates and their costs or approximate values. Then store it in a safe-deposit box. This is the best proof you can have if the property is ever damaged by a natural disaster. Casualty loss deductions are limited to the damage sustained, minus insurance reimbursements, in excess of 10% of your AGI (after subtracting \$100 per event).