

SMALL BUSINESS GROUP

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CONTACT



AUGUST 2013

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9/2
● Office Closed for Labor Day

9/16
● Payroll tax deposit due if liability is over \$2500
● Filing Deadline for extended Corp & Partnership returns

9/20
● Sales tax reports due

10/1
● Deadline for starting a new Simple Plan for 2013

OFFICE HOURS:

Monday - Thursday
8 am to 5 pm

CLOSED FRIDAYS
(May through December)

Important Dates!

Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Aug 28-30	Sep 5
Aug 31-Sep 3	Sep 6
Sep 4-6	Sep 11
Sep 7-10	Sep 13
Sep 11-13	Sep 18
Sep 14-17	Sep 20
Sep 18-20	Sep 25
Sep 21-24	Sep 27
Sep 25-27	Oct 2
Sep 28-30	Oct 4

Self-employed individuals — Unlock a home office deduction



A taxpayer recently made an interesting point regarding an article on home office deductions (SBTS, *June 2013*). It concerned the issue of a taxpayer's "principal place of business" when he or she doesn't have a primary business location.

Strategy: Follow the letter of the tax law. If you conduct administrative duties at home and you have no other fixed location where you conduct such activities, you can qualify for home office deductions.

The rules in this area were changed by the Taxpayer Relief Act of 1997 in the wake of a landmark Supreme Court case. (*Soliman, 506 U.S. 168, 1/12/93*) Now it's easier for self-employed individuals to take write-offs.

Here's the whole story: You may be eligible for a home office deduction if your home is your principal place of business (meaning the place where you conduct most of your income-earning activities) or the place where you meet or deal with customers, clients or patients in the normal course of business. The deduction is based on percentage of business use of the home.

But what happens if you have, say, a landscaping business where you work at a different business location virtually every day? In that case, it's more difficult to establish where your principal place of business is located.

Key facts of the case: The Supreme Court case involved Dr. Soliman, an anesthesiologist who performed services in three different hospitals for about 30 to 35 hours a week. He did not have an office in any of the hospitals. Soliman's only office was a room in his condominium. He worked there two to three hours a day on administrative matters, contacting patients, surgeons and hospitals by telephone, maintaining billing records and patient logs, preparing for treatments and presenta-

tions, etc. Soliman did not see any patients at his office.

The Supreme Court test required a comparison of all the locations where work is performed to see which one is most important to the business. Each case was to be decided on its own merits. While the top court said no one factor is necessarily determinative, it placed great weight on where the goods and services of the businesses were delivered.

But the 1997 tax law effectively repealed this arbitrary standard. It added two criteria that allowed more taxpayers to meet the principal place of business test. Under the existing rules, you may qualify for the deduction if:

1. You use the home office to conduct administrative or management activities of your trade or business.
2. The trade or business has no other fixed location where you conduct substantial administrative or management activities.

Also, the law allows a deduction only if the office is exclusively used on a regular basis as a place of business. If you're an employee, the exclusive use must be for the employer's convenience. These rules now recognize administrative and management services as a valuable component of the "principal place of business" test in a wide range of fields. Going back to the landscaper, a home office where administrative matters are handled can qualify as the principal place of business, even though the taxpayer's income-earning activities are conducted elsewhere.

Tip: The IRS is providing a simplified home office deduction, capped at \$1,500 per year, beginning in 2013.

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Store Up Deductions

If you use part of your home to store inventory or product samples, you can claim a “home office deduction” if you meet all the following tests:

- You sell products at wholesale or retail.
- You keep the inventory or samples in your home for business use.
- Your home is the only fixed location of your trade or business.
- You use the storage space on a regular basis.
- The space is a separate identifiable space suitable for storage.



IRS pledges improvements

In response to the scandal involving tax-exempt applications by conservative groups, acting IRS Commissioner Daniel Werfel has released a new report outlining several ways the IRS can correct its flaws. (*IRS Information Release 2013-62, 6/24/13*) The three-part report holds management accountable and identifies immediate steps for restoring integrity in areas ranging from compliance to taxpayer services. “The IRS is committed to correcting its mistakes, holding people accountable, and establishing control elements that will help us mitigate the risks we face,” says Werfel. “This report is a critical first step in the process of restoring trust in this critical institution. We have more work in front of us, but we believe we are on the right track to move forward.”



Tax fallout from fall of DOMA

The new Supreme Court ruling striking down the Defense of Marriage Act (DOMA) will have wide-ranging federal tax implications. Significantly, same-sex married couples will generally be eligible to file joint returns. Other distinctions in the tax law between married and unmarried individuals will come into play, including application of income tax rates, treatment of capital losses, credits for the elderly and disabled, and taxation of Social Security benefits. The ruling will also have a major impact on estate and gift taxes. For instance, property transferred between spouses is generally completely exempt from federal estate and gift taxes, while a surviving spouse can use the remaining balance of a deceased spouse’s estate tax exemption. Expect more clarification from the IRS.

Small Business Tax Strategies — August 2013

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

Are you a Sole Prop?

Do you need help in keeping track of all your receipts — instead of using the shoe box?

We might have the solution for you!

NeatDesk Scanner



This scanner allows you to scan in your receipts and it organizes them and puts everything in a “Neat file.” You can then create a report to provide to us at tax time. It’s that easy!

For more details, contact SBG at 731-2221.

Important
DATE!



FILING DEADLINE FOR PERSONAL TAX RETURNS ON EXTENSION IS OCTOBER 15th!

Just a reminder that the deadline to get your information into SBG for your **2012 personal taxes** is rapidly approaching. We need to have your information in our office by **SEPTEMBER 16th**. If not, we cannot guarantee that we can process your return in time to get it submitted to the IRS by the October 15th deadline. Therefore, **if you have not already done so, please contact Kewanna or Charia at 731-2221 to schedule your tax interview appointment or you can simply drop off your tax documents.** Don’t put it off ...do it today!