SMALL BUSINESS GROUP

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

CONTACT

DECEMBER 2013 **Vol. XXXVII NO. 12**

12/16
C-Corps pay quarterly installment of 2013 estimated tax

1120 due for YE 9/30/13 & YE 3/31/13 on extension

Payroll tax deposit due if liability is over $2500

12/20
Sales tax reports due

12/24 - 1/1
Office Closed **(return 1/2/13)**

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:
Dec 1-3	Dec 6
Dec 4-6	Dec 11
Dec 7-10	Dec 13
Dec 11-13	Dec 18
Dec 14-17	Dec 20
Dec 18-20	Dec 26
Dec 21-24	Dec 30
Dec 25-27	Jan 2
Dec 28-31	Jan 3

LAST CHANCE to take this deduction!

In November, SBG sent you a letter requesting information regarding your health insurance and automobile mileage. If you pay health insurance premiums through an S Corporation, it is **mandatory** for this expense to go through your payroll and be shown on your W-2 in order to take the deduction. **If your last paycheck of 2013 is in mid or late December, then you have one more chance to take advantage of this tax credit.** We will need your completed 2013 Fringe Benefits form by December 9th so we can make the proper calculations and get this information back to you so it can be reported to your payroll processing company before your final payroll check in 2013.

PLEASE NOTE:* *We will need a completed form for EACH OFFICER/SHAREHOLDER. You can find the form on our website at www.smallbg.com under FORMS. Please take the time right now to fill out this form and get it back to SBG by fax at 731-5544, by email to sbg@smallbg.com or by mail. If you need help with completing this form, please contact SBG at 731-2221.

'TIS THE SEASON…

Bonus

Want to give Christmas bonuses?

For example, I want to pay a net bonus of $100 to my employee. What is the gross amount of the bonus and how do I calculate the FICA and Withholding amount? To do this, use the formulas below to get the gross check amount and the federal withholding amount. Once you have both, input the gross check in QB and then change the Federal Withholding amount in the check preview screen: just enter the calculated federal withholding from the formula — put it in as a negative number. This should result in the net check amount you wanted and you don't have to change the SS & Med totals. Contact us if you need help!

FORMULA

$$\text{Gross Bonus} = \frac{\text{Net Bonus Check Amount Desired}}{.6735}$$

FOR EXAMPLE:

$$\text{Gross Bonus Amount} = \frac{\$100}{.6735} = \$148.48$$

FED W/H = $148.48 X 0.25 = $37.12
FICA = $148.48 X 0.0765 = $11.36
Total Deductions = $48.48

$148.48
- 48.48
$100 BONUS!

IMPORTANT NOTE: Make sure ALL bonuses are subject to payroll taxes!

Q: My business partner and I are splitting up. If I sell my interest to him, will it be taxed as capital gain?

A: Yes. As a general rule, the sale of an interest in a partnership will result in a taxable gain or loss to the seller under the usual rules for capital gains. However, be aware that you may recognize ordinary income allocable to certain items such as unrealized receivables, appreciated inventory and previous depreciation write-offs. For 2013, the maximum federal tax rate on long-term capital gains is 20% for single filers with taxable income above $400,000 and joint filers with taxable income above $450,000. For 2014, these thresholds increase to $406,750 and $457,600, respectively. The top federal rate on ordinary income is 39.6%, and it kicks in at the same taxable income thresholds as the 20% maximum long-term capital gains rate.

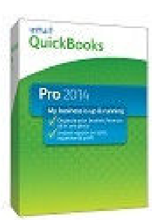
Small Business Tax Strategies — December 2013

The Tax Ticker

Sales tax law hits snag. The much-discussed legislation that would impose sales tax on Internet sellers (*SBTS*, April 2013) appears to have stalled in Congress. In May, the Senate passed the latest version of the Marketplace Fairness Act authorizing individual states to collect the tax revenue from online retailers on transactions within the state. The bill included an exemption for small businesses with less than $1 million in annual sales. U.S. Rep. Bob Goodlatte, R-Va., recently proposed a modified system that would be so simple the small business exception wouldn't be needed.

Small Business Tax Strategies — December 2013

QuickBooks Corner:



QuickBooks Pro 2014

The new 2014 version is now available for purchase or download if you would like to upgrade your QuickBooks program. If you are currently using the Payroll feature in QB 2011, you will have to upgrade to the new 2014 version by the end of April 2014.

Help Us GROW our Business

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

NEW USE-IT-OR-LOSE-IT FSA OPTION

On Halloween, the IRS announced that employers are able to modify the long-standing use-it-or-lose-it rule bedeviling flexible spending accounts (FSAs) used for health care expenses. *(IRS Notice 2013-71, 10/31/13)* The onerous rule requires employees to forfeit FSA funds if they don't use those amounts by the end of the plan year.

Strategy: Don't wait until 2014 to implement changes for your business. The new Notice is effective immediately, so you may offer this option to employees for the 2013 plan year. Under the new guidance, employees can carry over up to $500 in unused funds to the next plan year.

Here's the whole story: An estimated 14 million families participate in health care FSAs. Frequently, FSAs are offered in conjunction with other employer-provided benefits as part of a cafeteria plan. They are commonly funded by employees through voluntary salary reduction contributions.

FSA contributions, which are limited to $2,500 beginning in 2013, aren't subject to either federal income tax or payroll taxes. So it's a win-win situation for employees and employers.

For nearly 30 years, employees have been haunted by the use-it-or-lose-it rule, although most forfeitures are less than $500. The IRS recently loosened up things slightly by enabling employers to offer a 2½-month grace period at the end of the year. For instance, an employee may have until March 15, 2014, to empty out funds set aside in 2013.

Thanks to the new ruling, employers may now allow plan participants to carry over up to $500 of their unused health FSA balance at the end of a plan year. Employees will be able to use carryover funds to reimburse qualified medical expenses incurred during the following year.

The rule for the 2½-month grace period rule also remains in place, but there's a catch: You can't combine it with the carryover provision. In other words, you have to choose one or the other.

Tip: Employers aren't required to use either the grace period or the carryover rule.

Small Business Tax Strategies — December 2013