Volume 38, Issue #10

October 2014

Small Business Group CONTACT

10/1
- If starting a new Simple Plan, it must be set up by this date.

10/15
- Payroll tax deposit due for monthly depositors
- Deadline for 1040 Returns

10/16
- Payroll disks, files or reports due at SBG

10/20
- Sales tax reports due

10/31
- Payroll tax returns due

OFFICE HOURS

Monday - Thursday
8 am to 5 pm

CLOSED FRIDAYS
(May through December)

Inside this issue:

3rd Quarter Payroll Due

You should have received your third quarter "payroll worksheets" from Small Business Group either by email or in the mail. **QuickBooks users are asked to make a backup copy or a portable company file *AFTER you have reconciled through 9/30/14.*** For your convenience, simply upload your file to the SBG Portal. If you prefer, you can bring or mail us your USB stick. Don't forget to send us your preprinted RT-6 when you send in your payroll, if possible.

Remember: Payrolls are processed on a first-in, first-out basis. Payrolls received after October 21st may not be completed by the payroll filing deadline of October 31st. Payrolls with missing information will not be processed until all information is received.

If you have any trouble or have additional questions, contact Kewanna at 731-2221 or by email at kgroman@smallbg.com.

It's Time for Tax Planning!

If your engagement includes a TAX PLAN meeting, Charia will be contacting you soon to schedule your tax planning appointment. **If SBG does your Quarterly Payroll, please be sure to reconcile your QuickBooks file BEFORE sending it to us so that we can use your 3rd Qtr Payroll file for your Tax Planning reports.** If you didn't include Tax Planning in your engagement, but would like to schedule a session, please contact our office soon. Don't procrastinate — the calendar will fill up fast!

Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Sep 27-30	Oct 3
Oct 1-3	Oct 8
Oct 4-7	Oct 10
Oct 8-10	Oct 16
Oct 11-14	Oct 17
Oct 15-17	Oct 22
Oct 18-21	Oct 24
Oct 22-24	Oct 29
Oct 25-28	Oct 31
Oct 29-31	Nov 5

GROW our Business

Help Us

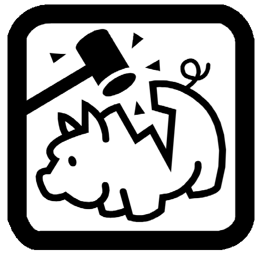
Do you KNOW an Entrepreneur?

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

Cash in on expiring IRS rollover rule



In essence, the rollover provides a 60-day interest-free loan from Uncle Sam. Is it legal? Absolutely, but the tax law limits such rollovers to one time a year.

Earlier this year, the Tax Court determined that the once-a-year limit on tax-free rollovers applies to all of a taxpayer's IRAs, not each one separately *(SBTS, April 2014)*. This contradicted the previous taxpayer-friendly interpretation of the rules by the IRS.

Strategy: Take advantage of this tax break now. The IRS has announced that it won't apply the new anti-taxpayer interpretation until Jan. 1, 2015. Therefore, for the rest of the year, you're able to roll over funds from multiple IRAs.

Here's the whole story: Generally, you don't have to pay any tax when you roll over funds between IRAs, as long as the rollover is completed within 60 days. You can do whatever you want with the money during the 60-day interim. What's more, it doesn't matter if you put the funds back in the same IRA or a different one, as long as you meet the 60-day deadline. However, if you miss the cutoff, the distribution is taxed at ordinary income tax rates reaching as high as 39.6%.

In essence, the rollover provides a 60-day interest-free loan from Uncle Sam. Is it legal? Absolutely, but the tax law limits such rollovers to one time a year.

How it works: If you roll over funds tax-free from a traditional IRA, you can't make another tax-free rollover of a distribution from that same IRA within 365 days. Also, you can't make a tax-free rollover of any amount distributed, within the same one-year period, from the IRA into which you made the tax-free rollover.

Although there was no legally binding authority on the issue, the IRS previously stated in Pub. 590, *Individual Retirement Accounts,* that this once-a-year limit applied separately to each IRA. But the Tax Court expanded the rule to cover all IRAs owned by the same taxpayer and now the IRS is going along for the ride.

Key Facts: The taxpayer took distributions from two different IRAs in 2008 and re-deposited the same amounts in the IRAs within 60 days of each distribution. So he figured he would not owe any tax on either rollover. But the Tax Court ruled that the once-a-year limit on IRA rollovers invalidated the second attempted rollover. As a result, the IRA owner was hit with a hefty tax bill. *(Bobrow, TC Memo 2014-21)*

The Court based its reasoning on its insights into Congressional intent. Of course, it didn't take the IRS long to jump on board, despite its prior reading of the law.

However, the decision to postpone the rule change to 2015 creates a unique opportunity for taxpayers. The IRS won't challenge multiple rollovers from separate IRAs made this year. If this idea appeals to you, go for it.

TIP: As of this writing, the IRS has yet to revise Pub. 590.

Small Business Tax Strategies—October 2014

MAIL CALL

Q We're paying my adult younger sister to watch our children while we work. Can we claim the child care credit?

A Yes. The dependent care credit (aka the "child care credit") is available for qualified expenses enabling you to be gainfully employed. The tax law says the caregiver can't be your spouse, a parent of the child, someone you may claim as your dependent, or a person who will not be age 19 or older by the end of the year. This leaves it wide open for an adult sibling who is properly identified on your tax return. *(Note: Tthey will be required to report this income on their income tax return.)*

Tip: The maximum credit is generally 20% of the first $3,000 spent for one qualifying child and 20% of the first $6,000 for two or more qualifying children.

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