

Small Business Group

CONTACT



11/15

- Payroll tax deposit due for monthly depositors

11/20

- Sales tax reports due

11/26-28

- Office Closed for Thanksgiving



OFFICE HOURS

Monday - Thursday
8 am to 5 pm

CLOSED FRIDAYS
(May through December)

Inside this issue:

Year-End Payroll	1
Fringe Benefits	1
1099 Information	1
Audit Proof your T&E business deductions	2

Year-End Payroll

It's hard to believe it is time to get ready for another "Year-End Payroll." All SBG payroll clients will receive their checklists in November. **If you use QuickBooks and SBG processes your payroll**, you will be asked to take a look at the Employee List in YOUR QuickBooks file and make sure that everyone's Social Security number and address is up to date — including your own!

Streamliner manual clients are asked to be sure they have up-to-date employee and 1099 sub-contractor information on hand and provide it to SBG with your year-end payroll.

Fringe Benefits

We have sent out the **Fringe Benefits & Auto Mileage Form—2014** to our S-Corp clients for you to provide us with information on personal use of corporate vehicles, health and/or life insurance and fringe benefits that need to be included on the W-2s. **This service is included for our payroll clients. For those who do not use SBG for your payroll, there will be an additional charge for these services.** Contact Kewanna if you have any questions.

The completed forms must be returned to SBG no later than 12/4/14. If you do not return your form by the deadline, we will assume you are not interested in taking advantage of this tax benefit.

Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Nov 1-4	Nov 7
Nov 5-7	Nov 13
Nov 8-11	Nov 14
Nov 12-14	Nov 19
Nov 15-18	Nov 21
Nov 19-21	Nov 26
Nov 22-25	Dec 1
Nov 26-28	Dec 3
Nov 29-Dec 2	Dec 5

1099 Information

The 1099 packets will not go out until December, however, there are some steps you can take now to help you in completing the forms correctly.

Please review your Vendor List to be sure you have the correct address and Taxpayer Identification Number for each vendor who will be receiving a 1099 for 2014. If it recommended that you keep a W-9 on file for each vendor so you will have their correct information. Also, be sure the box "Vendor eligible for 1099" on the Vendor Additional Information tab is marked and check that your 1099 mapping is up-to-date. It is easier to get this done while you have the extra time before the end of the year.

Please note...

If you need SBG to prepare your 1099s for 2014, you will need to let us know by 12/1/14 either by phone at 731-2221 or by email: sbg@smallbg.com. We will only be sending out the 1099 packets to those who request them or have this service in their engagement.



From the Staff of
Small Business Group

Ben, Camdi, Rhonda, Betty, Kewanna & Charia

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



Audit-proof your T&E business deductions

The tax law allows you to deduct travel and entertainment (T&E) expenses related to the active conduct of your business. But don't expect the IRS to like it.

Alert: T&E deductions remain a top audit target for IRS examiners. That's because this area is considered ripe for abuse by taxpayers. However, if you follow the strict record-keeping requirements established by the IRS regulations, you should be able to stand up to any challenges the IRS might mount.

Here's the whole story: For starters, the IRS says you must maintain "adequate records" to substantiate T&E deductions. You can't deduct amounts that are approximated or estimated without fear of reprisal.

For this purpose, adequate records include an account book, diary, log, statement of expense, trip sheets or similar types of records. You should also keep documentary evidence that, coupled with the records mentioned above, can support each element of an expense. Both the IRS and the courts strongly favor written documentation over verbal assertions.

Documentary evidence includes receipts, canceled checks or bills supporting your expenses. The documentation is adequate if it shows the amount, date, place and essential character of the expense.

For example, a hotel receipt is sufficient to support business travel if it lists the name and location of the hotel; the dates you stayed there; and separate amounts for extra charges such as meals. Similarly, a restaurant receipt should include the name of the restaurant; the number of people served; and the date and amount of the expense. If a charge is made for items other than food and beverages, the receipt must indicate this.

A canceled check together with a bill can normally establish the cost of an expenditure. However, a canceled check by itself doesn't prove a business expense without other evidence showing that it was incurred for a business purpose.

Key exceptions: Documentary evidence isn't required if:

- You incur meal or lodging expenses while traveling away from home for which you account to your employer under an accountable plan and you're using a per diem allowance method for this purpose.
- Your expense (other than one for lodging) is less than \$75.
- You have a transportation expense for which a receipt is not readily available.

The IRS says you don't have to record information in your account book, log or other comparable record, if it duplicates information shown on a receipt as long as your records and receipts complement each other in an orderly manner.



"T&E deductions remain a top audit target for IRS examiners. That's because this area is considered ripe for abuse by taxpayers."

Reminder: The IRS expects your entries to be contemporaneous. In other words, you should record the elements of an expense or business use at or near the time of the expense. Keeping records in this manner is far better than preparing a statement later when it's harder to accurately recall the details. And records compiled while you're in the process of filing your tax return may be suspect.

However, this doesn't mean you have to record T&E expenses as soon as you walk in the door after returning from a business trip. If you maintain a log on a weekly basis accounting for use during the week, you should be in good shape tax-wise.

What happens if you don't have complete records needed to prove an element? You can try to convince the IRS, and possibly the Tax Court later on, through (1) your own written or oral statement containing specific information about the element, and (2) other supporting evidence that is sufficient to establish the element.

If the element is the description of cost, time, place, or date of an expense, supporting evidence must be either direct or documentary evidence. Direct evidence is comprised of written statements or the oral testimony of guests or other witnesses. Documentary evidence may be receipts, paid bills, or similar evidence.

Tip: The "Cohan rule" allowing deductions based on credible evidence that expenses existed can't be applied to T&E expenses.

Small Business Tax Strategies—October 2014

What auditors are looking for

The IRS may allow you to deduct T&E expenses, even if all the elements aren't properly substantiated, if you've kept adequate records. Auditors are likely to weigh these factors:

- The type of expense and amount
- The number of missing elements
- The missing documentation
- The reasons for not substantiating the expense
- Availability of other information to substantiate the expense.

Tip: The IRS will consider all the facts and circumstances.