

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

Wow – where did that year go? 52 weeks of newsletters and the year ends close to where we started. The total gridlock in Washington was in stark public view this week when a ridiculous lesson in politics was unleashed on businesses and employees.

It shows how totally out of touch with real business, Congress has become, in that they passed legislation that extended the 2% FICA reduction into 2012 for TWO months. As all of us know, two months is not a quarter. Putting aside the fact that Social Security is going broke at a rapid pace, and this only serves to acerbate the coming train wreck, all payroll reporting is done on a quarterly basis. Not only that – in order not to be perceived to be pandering to the wealthy, a whole series of complex calculations and machinations need to be done so that those making more than \$110,000 a year don't benefit on absolute terms more than the working poor. What is more alarming is the uncertainty that taxpayers have to deal with. Will the reduction continue for 2012 or will it just bring more animosity and partisanship to an already divided political system struggling with a moribund housing market, stubborn unemployment and a housing market in the depths of recession. Hopefully, 2012 will bring clarity with the elections. **Right.**

“De Minimis” Fringe Benefits

Any employer-provided property or a service having a value so small that accounting for it would be unreasonable or administratively impracticable, may be excluded from income, and treated as a “de minimis” fringe benefit.

The frequency with which the benefit is provided is a factor to be considered when determining that the value is small. Cash and cash equivalent fringe benefits such as use of a gift card or credit card, no matter how little, are never excludible, except for occasional meal money or transportation fare.

Examples of “de minimis” benefits under the Internal Revenue Code include:

- Occasional personal use of a company copy machine
- Holiday gifts, other than cash, with a low fair market value, less than say \$75
- Group-term life insurance payable on employee’s spouse or dependent if the face amount is not more than \$2,000
- Occasional parties or picnics for employees and their guests
- Coffee, doughnuts, or soft drinks
- Occasional tickets for entertainment or sporting events
- Occasional meals or meal money provided to enable an employee to work overtime (does not apply if the meal money is based on the number of hours worked)
- Meals provided at an employer-provided eating facility if the annual revenue from the facility at least equals its direct costs
- Transportation fare provided to an employee working overtime if the amount is reasonable and not based on hours worked

However, SEASON tickets to sporting or theatrical events, free use of a company car to commute to work, or the use of an

employer-owned or leased boat, hunting lodge, etc. for a weekend, may not be considered “de minimis” benefits. Therefore, withholding for Federal income tax, Social Security and Medicare taxes, and the employer-paid FUTA tax, apply to the fair market value.

Employee Bus and Public transportation subsidies

Subsidizing or providing public transportation passes, or even putting a private bus on the road to collect and drop off employees each day is a great way to reduce the number of cars on the road and provide a tangible benefit. Not having to pay for commuting can be a hefty savings for staff, depending on the city they live in.

Technology toys.

Blackberrys, iPhones, iPads, smart phones, laptops, service plans and various technological knick knacks can increase productivity. So long as the employer owns and pays for the items and associated plans fully, the employee has a tax free benefit.

Education

Depending on the type of entity selected, your company can provide up to \$5,250 a year to staff for education. Section 127 allows these plans as long as the benefits are provided by reason of their employment relationship. This benefit covers graduate as well as undergraduate education but requires a formal written plan that must be open to everyone.

Section 117 (a) are tax free scholarships if the recipient is a degree candidate at a qualified education institution and uses the funds for tuition, fees, books, supplies and equipment required for instruction. If the scholarships represent payment for past, present or future employment services, the employee must include in their income.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,601.50	\$1,608.70	\$1,700.00	\$1,600.00
Oil	\$93.78	\$99.86	\$100.00	\$120.00
Dow Jones	11,866.39	12,294.00	12,000.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	8.60 %	8.60 %	8.60 %	9.50 %



Services that we provide:

- Tax preparation, individuals, corporations, LLC's, partnerships, overseas residents, non resident aliens, prior year returns
- Annual minutes for your company
- Ability to use QuickBooks and Quicken files, Online QuickBooks
- Certified QuickBooks Pro Advisor
- Monthly accounting – we will prepare your financial statements, bank reconciliations and depreciation calculations
- Payroll preparation and filing – we offer turnkey payroll solutions
- Human Resource Management – we can prepare an employee handbook for your particular situation
- Entity selection and compliance with various State and Federal regulations
- Efficient tax strategies – we can **recommend** the most appropriate strategy for your particular situation
- Financial planning - we can give you appropriate financial planning and budgeting information
- Forensic accounting – we can investigate “white collar” crime committed against you, or your business
- Valuation services – we can assist with the valuation of your business and investment assets for specific applications, estate planning, divorce, buy and sell agreements

New for 2010 tax year in 2011:

- You will be able to check on the status of your refunds www.irs.gov
- We will store your source documents online in a PDF file format for easy access in future years
- Electronic filing of Sub S and C Corporations and Partnerships
- We will be able to file multiple state returns this year – in the past we were limited to the number of state returns we could file for you
- Medical records – we are giving you the opportunity to have all your medical records in one secure location – www.allmymedicalrecords.com
- Charitable donations. Maintain your charitable deductions during the year at www.allmydeductions.com. In that way whether you use cash, credit card, debit card, checks, or donation of clothes etc you won't miss any deductions. Use our convenient list of accepted valuations to value your donated goods to Goodwill, Salvation Army, church, etc
- Entity selection – we have extensive information on company formation, whether it is an LLC, S Corporations, or C Corporations. Once you are incorporated we will walk you through the setup process
- Federal Identification applications – we can file and receive federal identification numbers – all on line for your convenience
- On line legal forms – we have the ability to prepare basic legal forms online
- Payroll preparation – we offer a comprehensive, competitively priced online payroll preparation service



Payroll Processing Services

You provide:

- Hours worked and employment information and forms for the staff. You can email, (Karen@psspaysroll.com) fax (580) 286 5818 or call toll free (800) 937 8868 to give us this information

We will provide the following services:

- No long term contract
- Payroll preparation for your employees and direct deposit of payroll checks and ACH transfer of payroll amount
- Payroll calculation within 24 hours
- Compliance with all government and state withholdings requirements
- Detailed invoice for all payroll related costs

Each Pay Period you will get:

- Payroll stubs for employees
- Management report detailing cost breakdown but only one amount to pay for all federal and state taxes
- Direct deposit of net payroll

Each Quarter

- We will file all required state and federal quarterly reports

What we need to get started:

- W4's for each employee
- I-9's for each employee
- Direct deposit information for the employees
- Bank details for the company's payroll account
- Your Federal ID number for the business