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Monthly Newsletter

Premium Assistance Credit - The Health Insurance Subsidy for Lower Income Individuals and Families

Beginning in 2014, as part of the Patient Protection and Affordable Health Care Acts, all U.S. persons, with certain exceptions, must have minimal essential health care coverage or face a tax penalty.

Recognizing this requirement could present a serious financial problem for lower-income individuals and families who do not have employer-provided coverage or other forms of insurance, Congress included a tax credit in the law to help them pay for their insurance.

The amount of the tax credit, known as the Premium Assistance Credit, is based on the individual or family's income as it compares to the Federal poverty guidelines. Those with household income at 100% of the poverty level get the largest credit, and the credit is reduced for higher incomes and completely phased out when the income reaches 400% of the poverty level. You might be wondering why those with income under 100% of the poverty level do not qualify for the credit; they qualify for Medicaid.

The credit is refundable and computed on the tax return for the year. However, that means the credit will not be available until the tax return is filed in the following year. Understanding this problem, Congress allows an advanced insurance premium subsidy to reduce the insurance premiums. Then, the advanced subsidy and premium assistance credit are reconciled on the tax return and any excess credit is refunded (if other taxes aren't owed), or some portion of the subsidy in excess of the credit is repaid.

To qualify for the premium assistance credit, the insurance must be purchased through the state's American Health Benefit Exchange or, if the state does not have an insurance exchange, the federal exchange. In addition, to qualify for the credit the taxpayer:

- Cannot be claimed as a dependent by another person;
- Cannot be eligible for Medicaid, Medicare, employer-sponsored insurance, or other acceptable types of coverage;
- If married, must file a joint tax return; and
- Cannot be offered minimum essential coverage under an employer-sponsored plan. An individual is eligible for employer-sponsored minimum essential coverage only if the employee's share of premiums is "affordable" and the coverage provides "minimum value."

When determining family size for computing this credit, the family size is the same as the number of individuals for whom the taxpayer is allowed an exemption deduction for the tax year.

The term household income includes the modified adjusted gross income (MAGI) of the taxpayer plus the sum of MAGIs of all individuals who were taken into account when determining the taxpayer's family size and who were required to file a tax return.

The term MAGI for purposes of this credit means adjusted gross income increased by any foreign earned income exclusion, the excluded portion of Social Security and Railroad Retirement benefits, and tax-exempt interest income.

Insurance through the exchanges will be effective January 1, 2014. Exchanges will be accepting applications in the fall in preparation for the January 2014 effective date.

It is not too early to begin planning for 2014 and these new requirements. Please call this office with questions.

Preparing for the New Surtax

As part of the Affordable Care Act (the new health care legislation), a new tax kicks in this year. The official name of this tax is the Unearned Income Medicare Contribution Tax, and even though the name implies it is a contribution, don't get the idea that it is voluntary or that you can deduct it as a charitable contribution. It is actually a surtax levied on the net investment income of taxpayers in the higher income brackets. And although it is perceived as an additional tax on higher-income taxpayers, it can affect even those who normally don't have higher income if they have a large income from the sale of real estate, stocks, or other investments.

The surtax is 3.8% on whichever is less: your net investment income or the excess of your modified adjusted gross income (MAGI) over a threshold based on your filing status. Net investment income is your investment income reduced by investment expenses; MAGI is your regular AGI increased by income excluded for working out of the country.

The filing status threshold amounts are:

- $250,000 for married taxpayers filing jointly and surviving spouses.
- $125,000 for married taxpayers filing separately.
- $200,000 for single and head-of-household filers.

Example: *A single taxpayer has net investment income of $100,000 and MAGI of $220,000. The taxpayer would pay a Medicare contribution tax only on the $20,000 amount by which his MAGI exceeds his threshold amount of $200,000, because that is less than his net investment income of $100,000. Thus, the taxpayer's Medicare contribution tax would be $760 ($20,000 × 3.8%).*

Investment income includes:

- Interest, dividends, annuities (but not distributions from IRAs or qualified retirement plans), and royalties,
- Rents (other than derived from a trade or business),
- Capital gains (other than derived from a trade or business),
- Home-sale gain in excess of the allowable home-gain exclusion,
- A child's investment income in excess of the excludable threshold if, when eligible, the parent elects to include the child's investment income on the parent's return,

- Trade or business income that is a passive activity with respect to the taxpayer, and
- Trade or business income with respect to trading financial instruments or commodities.

Planning Note: For surtax purposes, gross income doesn't include interest on tax-exempt bonds. Thus, one can avoid or reduce the net investment income surtax by investing in tax-exempt bonds.

Investment expenses include:

- Investment interest expense,
- Investment advisory and brokerage fees,
- Expenses related to rental and royalty income, and
- State and local income taxes properly allocable to items included in Net Investment Income.

Do you think you will never get hit with this tax because your income is way under the threshold amounts? Don't be so sure. When you sell your home, the gain is a capital gain, and to the extent that the gain is not excludable using the home-gain exclusion, it will add to your income and possibly push you above the taxation thresholds. And, since capital gains are investment income, you might be in for a surprise. The same holds true for gains from selling stock, a second home, or a rental. So when planning to sell a capital asset, be sure to consider the impact of this new surtax.

The surtax also applies to the undistributed net investment income of trusts and estates, and there are special rules applying to the sale of partnership and Sub-S Corporation interests.

Example: *A taxpayer has owned a residential rental property for a number of years, planning to use the rental's increased value to help fund his retirement. The taxpayer normally has income well below the threshold for this new tax. The taxpayer sells the rental and has a substantial gain. The gain from the rental sale gives the taxpayer a one-time windfall that pushes his income above the threshold for the new tax, and he ends up having to pay the regular capital gains tax plus an additional 3.8% tax on the appreciation that is attributable to the increase in value that occurred over several years.*

If this surtax will apply to you in 2013, you may need to increase your income tax withholding or estimated tax payments to cover the additional tax so you can avoid or minimize an underpayment of estimated tax penalty when you file your 2013 return.

Example: *A taxpayer has owned a residential rental property for a number of years, planning to use the rental's increased value to help fund his retirement. The taxpayer normally has income well below the threshold for this new tax. The taxpayer sells the rental and has a substantial gain. The gain from the rental sale gives the taxpayer a one-time windfall that pushes his income above the threshold for the new tax, and he ends up having to pay the regular capital gains tax plus an additional 3.8% tax on the appreciation that is attributable to the increase in value that occurred over several years.*

If your income normally exceeds the threshold for this new tax, or you have or are contemplating a large capital gain and would like to explore options to mitigate the impact of the tax, please give this office a call.

Affordable Care Act Employer Letter Requirement

Article Highlights

- Employers must give employees health care notification.
- Affects employers with one or more employees and a gross income of $500,000 or more.
- Notices due October 1, 2013.
- New Employees must be notified within 14 days.

Beginning Oct. 1, any business with at least one employee and $500,000 in annual revenue must notify all employees by letter about the Affordable Care Act's health care exchanges. The requirement applies to any business regulated under the Fair Labor Standards Act (FLSA), regardless of size. Going forward, letters are to be distributed to any new hires within 14 days of their starting date, according to the Department of Labor.

The Patient Protection and Affordable Care Act has a general $100-per-day penalty for non-compliance. Since this requirement is in the FLSA, concerns were raised in the business community that the $100-per-day penalty would apply to businesses that did not comply with the notification requirements.

On September 12, 2013, the Small Business Administration (sba.gov) posted a blog called "Myth #3: Business Owners Will Be Fined if They Don't Notify Their Employees about the New Health Insurance Marketplace." The article clarifies the policy, stating: "If your company is covered by the FLSA, you must provide a written notice to your employees about the Health Insurance Marketplace by October 1, 2013. However, there is no fine or penalty under the law for failing to provide the notice."

The Department of Labor provides model notices for employers:

- Employers with plans: http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf
- Employers without plans: http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf

If you have questions, please give this office a call.

Don't Overlook the Credit for Small Employer Health Insurance Premiums

Article Highlights

- Small employers get a tax credit for providing a health insurance plan.
- Credit can be as much as 35% of the premiums paid.
- A small employer is one with no more than 25 full-time equivalent employees (FTE) with average wages less than $50,000.

- Self-employed individuals, including partners and sole proprietors, 2% shareholders of an S corporation, and 5% owners of the employer are not treated as employees for purposes of the small employer health insurance credit.
- Seasonal workers of an employer are not taken into account in determining the FTE employees and average annual wages of the employees unless the worker works for the employer more than 120 days during the tax year.

The tax law provides a credit for small business employers who pay the health insurance premiums for their workers. This credit can be as much as 35% (25% for tax-exempt organizations) of the insurance premiums paid by the employer in 2013.

Beginning in 2014, the credit percentage increases to 50% (35% for tax-exempt organizations), and claiming the credit is limited to two consecutive years, but if the credit was claimed for any of years 2010 through 2013, those years aren't counted for the two-year limit. In addition, for 2014 and later years, the insurance must be purchased through a state exchange, and the coverage must be uniform and not less than 50% of the premium cost.

To qualify for the credit, the employer can't have more than 25 full-time equivalent employees, and the average wage of the employees cannot exceed $50,000 for the year. The 25 full-time equivalent employee limit is computed by taking into account both full-time and part-time employees for the year using a formula.

To see if your firm may qualify for the credit, complete the two worksheets below. The results at lines 6 and 9 will tell you if your firm is under the maximum full-time equivalent employee and average wage limitations.

Determine the Number of Full-Time Equivalent Employees:

1. Enter the number of employees who worked 2,080 hours or more during the year:

2. Multiply line 1 by 2,080:

3. Enter the total hours worked by all employees who worked less than 2,080 hours during the year:

4. Enter the total of lines 2 and 3:

5. Divide the result on line 4 by 2,080:

6. **Number of full-time equivalent employees** (round line 5 down to the next whole number, unless the number is less than one, in which case enter 1:

If line 6 is greater than 25, stop - your firm does not qualify for this credit.

Determine the Average Annual Wage:

7. Enter the total of all wages paid to employees during the tax year:

8. Divide line 7 by the number of full-time equivalent employees (line 6):

9. **Average annual wage** (round amount from line 8 down to the next whole $1,000):

If the amount on line 9 is $50,000 or less, you may qualify for the credit. Besides meeting the limits of lines 6 and 9, to qualify for the credit an employer has to contribute at least 50% of the premiums for the employees' health insurance coverage on a uniform basis.

The amount of the credit gradually phases out if the number of full-time equivalent employees exceeds 10 or if the average annual wage of the employees exceeds $25,000. Under the phase-out, the full amount of the credit is available only to an employer with 10 or fewer full-time equivalent employees and whose employees have average annual wages of less than $25,000.

The credit is in lieu of taking a business deduction for the employer-paid premiums used in computing the credit. It is also part of the general business credit, which may exceed the amount of the business' income tax, and any unused credit in the current year can be carried back one year and then forward until used up but no longer than 20 years.

When counting employees and wages, make the following adjustments:

- Self-employed individuals, including partners and sole proprietors, 2% shareholders of an S corporation, and 5% owners of the employer are not treated as employees for purposes of the small-employer health insurance credit. Thus, the wages and hours of these business owners and partners, and of their family members and dependent members of their household, are disregarded in determining full-time equivalent (FTE) employees and average annual wages, and the premiums paid on their behalf are not counted in determining the amount of the credit.

- Leased employees are included in employee count, but insurance premiums paid for the benefit of the leased employee by the leasing company are not taken into account in determining the credit.

- The number of hours of service worked by, and wages paid to, an employer's seasonal worker are not taken into account in determining the FTE employees and average annual wages of the employer unless the worker works for the employer more than 120 days during the tax year. Premiums paid on behalf of seasonal workers can be counted in determining the amount of the credit. There is no minimum number of hours of service that a worker has to work in a day before that day is taken into account for purposes of the 120-day test.

Please give this office a call if you have questions related to this credit, the pros and cons of offering health insurance to employees, and determining how much your firm can benefit from claiming the credit.

So You Want To Deduct Your Gambling Losses?

Article Highlights

- Gambling winnings must be reported as taxable income.
- Gambling losses may be deducted as an itemized deduction.
- Losses cannot exceed winnings.
- Losses must be documented.
- Winnings must include all winnings not just those shown on a W-2G.

Good news...You can! However, the bad news is that gambling losses are only deductible up to the amount of your winnings. This means that you can use your losses to offset your winnings, but you can never show a net gambling loss on your tax return.

Gambling losses are only deductible as a miscellaneous itemized deduction, so you must itemize your deductions in order to claim the deduction. Even better news is that gambling losses are not subject to either the 2% of AGI reduction of miscellaneous deductions or the phase out of itemized deductions for high-income taxpayers.

Form W-2G is issued by a casino or other payer to some lucky winners with a copy going to the IRS. Generally, only winners of the following types of gambling activities will be issued a W-2G: bingo or slot machine players who win $1,200 or more, keno winners of $1,500 or more, gamblers in other activities who win $600 or more when the payout is 300 times or more of the wager amount, and poker tournament players winning $5,000 or more. Sometimes federal income tax is withheld on the winnings; in that case a W-2G is issued regardless of the type of gambling activity.

Many casual gamblers have the belief that they need only count as winnings those reported on a Form W-2G. Unfortunately that is not true; tax law requires all winnings to be reported whether or not included in a W-2G. This is a frequent issue when the IRS chooses to audit a return where the losses offset the winnings but only winnings included in the W-2G are being reported.

The next logical question is how are gambling losses documented? Don't rush down to the track and start collecting discarded tickets, since they generally aren't acceptable documentation because of their ready availability. The IRS has published guidelines on what is acceptable documentation to verify losses. They indicate that an accurate diary or similar record regularly maintained by the taxpayer, supplemented by verifiable documentation, will usually be acceptable evidence for substantiation of wagering winnings and losses. In general, that diary should contain at least the following information:

1. Date and type of specific wager or wagering activity,
2. Name of gambling establishment,
3. Address or location of gambling establishment,
4. Names of other persons (if any) present with taxpayer at the gambling establishment, and
5. Amounts won or lost.

Save all available documentation including such items as losing tickets, canceled checks, and casino credit slips. You should also save any related documentation such as hotel bills, plane tickets, entry tickets and other items that would document your presence at a gambling location. (Sorry, but the costs for lodging and meals while gambling, even for winners, aren't deductible.) If you are a member of a slot club, the casino may be able to provide a record of your play. You might also obtain affidavits from responsible gambling officials at the gambling facility.

If you are a meticulous record keeper, the IRS recognizes the concept of gambling sessions that allows you to net the gains and losses during a particular gambling session. However, a gambling session is very limited in scope. It must be the same type of uninterrupted wagering during a specific uninterrupted period of time at a specific location. Thus if a taxpayer entered a casino and played slots for an hour and then switched to craps for the next hour, that would be two separate gambling sessions. If a taxpayer entered Casino #1 and played slots for an hour and then went to Casino #2 and continued to play slots, that would be two separate gambling activities since two locations were involved. The following are two examples using the gambling sessions concept:

Example *- A casual gambler who enters a casino with $100 and redeems his or her tokens for $300 after playing the slot machines has a wagering gain of $200 ($300 - $100). This is true even though the taxpayer may have had $1,000 in winning spins and $700 in losing spins during the course of play.*

Example - A casual gambler who enters a casino with $100 and loses the entire amount after playing the slot machines has a wagering loss of $100, even though he may have had winning spins of $1,000 and losing spins of $1,100 during the course of play.

With regard to specific wagering transactions, winnings and losses might be further supported by:

- **Keno** - Copies of keno tickets purchased by the taxpayer and validated by the gambling establishment.
- **Slot Machines** - A record of all winnings by date and time that the machine was played.
- **Table Games** -The number of the table at which the taxpayer was playing. Casino credit card data indicating whether credit was issued in the pit or at the cashier's cage.
- **Bingo** - A record of the number of games played, cost of tickets purchased and amounts collected on winning tickets.
- **Racing** - A record of the races, entries, amounts of wagers, and amounts collected on winning tickets and lost on losing tickets. Supplemental records include unredeemed tickets and payment records from the racetrack.
- **Lotteries** - A record of ticket purchase dates, winnings and losses. Supplemental records include unredeemed tickets, payment slips and winning statements.

One final tip: the deductions you claim for gambling losses do not have to be for the same type of wagering activity for which you have gambling winnings. For example, say for the year you won $800, all from a slot machine jackpot, and you have documentation to support $300 of slot machine losses. You also spent $50 per month buying lottery tickets, but had no winners, and have the records to substantiate your lottery ticket purchases. You would be able to deduct $800 of gambling losses, which includes $300 of slot losses plus $500 of the $600 of lottery losses. Your total gambling deduction is limited to $800, the amount of your winnings.

If you had a big win, are concerned about your tax liability, or have any questions related to gambling winnings or losses, please give this office a call.

Give Withholding and Payments a Check-up to Avoid a Tax Surprise

Article Highlights

- 2013 could hold some unpleasant tax surprises because of :

  o Increased long-term capital gains rates.
  o Increased ordinary tax rates.
  o A new 3.8% tax on net investment income.
  o The new additional 0.9% HI (Medicare) payroll and self-employment tax.
  o Life-changing events such as marriage, birth of a child, or new job.
  o One-time increase in income from sales of stock or real estate.

- Under-withholding and underpaid estimates could cause penalties, but corrective actions before year-end may mitigate the penalties.

2013 will hold some unpleasant tax surprises for many taxpayers simply because of the increased long-term capital gains tax rates, the ordinary income tax rates, and the imposition of two new taxes as part of the Affordable Care Act, including a new 3.8% surtax on net investment income and an additional 0.9% payroll and self-employed health insurance tax.

Other factors can also have an impact on the results of your tax return. These include life events such as marriage, birth, or adoption of a child; divorce or separation; the death of a spouse; a new job; a bonus; or a spouse going to work.

You may have sold a business, real estate, stocks, or other assets that will produce a one-time increase in income.

So, if you have a substantial increase in tax as the result of any of the above or other events, it may be wise to review your withholding and/or estimated tax payments to ensure you have set aside funds for the increase in taxes and have paid in enough in advance to avoid or minimize an underpayment penalty.

Generally if you have not paid evenly throughout the year withholding and estimated taxes, so that they will equal 90% of your tax liability for the year or 100% of the prior year’s liability (110% if your income is over $150,000), you may be subject to an underpayment penalty for the year. This office can project your 2013 tax liability to prepare you for your tax liability and so you can either adjust your withholding or make estimated tax payments to minimize penalties. If you are already set up to pay estimated tax, revising the remaining payment vouchers may be appropriate.

If a potential large tax liability is discovered early enough, your withholding for the rest of the year can be adjusted. Withholding is treated as deposited ratably over the course of the year even if paid towards the end of the year, which helps mitigate underpayment penalties where you are underpaid in the earlier quarters.

If this office can be of assistance with tax planning, tax projections, or in modifying your withholding and estimated payments, please call for an appointment.

Owner-Only Businesses Should Consider a Solo 401(k) Plan

Article Highlights

- Solo 401(k) plans allow greater income deferral than most other retirement plans.
- A Solo 401(k) plan suits self-employed and owner-only corporations.
- The plan needs to be established prior to year's end.
- The plan is generally not beneficial if company has employees other than a spouse.

It goes by many names: Solo 401(k), Mini 401(k), and single-participant 401(k). We will use Solo 401(k) in this article to describe probably the best type of pension plan for owner-only businesses. It provides for larger contributions, including a Roth option for a portion of the contribution, and the ability to borrow funds from the plan at reasonable rates. Consequently, Solo 401(k) plans have become more attractive options than SEP-IRAs, SIMPLE IRAs, or profit-sharing or money purchase plans. In addition, if the plan permits—and most do—assets from other retirement plans can be rolled over into the Solo 401(k) plan.

Generally, Solo 401(k) plans are a natural fit for two categories of people. The first are those who operate a business as an independent contractor, sole proprietor, or owner-only C or S corporation. The second are those who have dual incomes: they are W-2 wage earners as employees of a company that offers a 401(k) plan, but also have consulting income from corporate directorships or freelance work that requires them to file a Schedule C as a sole proprietor. Since the 401(k) contribution limits apply to each individual for the year and not to the individual plans, the taxpayer who has multiple 401(k) plans needs to make sure that no more than the annual limit is contributed to the total combination of plans.

For 2013, the rules limit employer contribution (profit-sharing contribution) to 25% of compensation. The employee can also make salary deferral contributions up to $17,500. Together, these contributions cannot exceed the lesser of $51,000 or 100% of compensation. In addition, if the employee is aged 50 or over, he or she can make an additional catch-up contribution of $5,500. The business owner in these arrangements is considered to be both an employee and an employer.

Example: *Susan Lewis, 49, is the sole employee of an incorporated business. Her earned income is $100,000 in 2013. Under the law, Susan can contribute $25,000 to a SEP-IRA ($100,000 × .25), $14,500 ($11,500 plus 3% of $100,000) to a Simple IRA, or $25,000 to a profit-sharing or money purchase plan. On the other hand, she can contribute $42,500 to a Solo 401(k) plan ($25,000 employer contribution plus $17,500 employee deferral), which* *is still under the $51,000 maximum for the year. If Susan is 50 or over, she can also make a catch-up contribution of $5,500, increasing her 401(k) contribution total to $48,000.*

In some cases, 401(k) plan contributions for an unincorporated business may be slightly lower than the above amounts. For unincorporated businesses, compensation is net profit minus half of self-employment taxes minus employer contributions.

Although single-participant 401(k) plans are limited to the business owner and his or her spouse, business owners should note the added benefits of having his or her spouse as the business's only other employee. Having the spouse on the payroll allows the business owner to shelter some or all of his or her income by having his or her spouse make an elective deferral to a 401(k) plan in addition to the business making a profit-sharing contribution. Although the spouse and the business would be responsible for their respective shares of employment taxes on the salary, combined employer and employee contributions could be up to the lesser of $51,000 (for 2013) or 100% of compensation. This limit applies separately to the business-owner and the spouse, thus allowing a combined total of up to $102,000 (for 2013). In addition, if aged 50 or over, each individual could defer an additional $5,500 each year.

Potential downside: If a business grows and begins to hire employees, the single-participant 401(k) plan must become a full-blown 401(k) plan subject to other, more stringent rules, including discrimination testing, that can serve to limit contributions by highly paid executives. Many providers recommend that businesses with immediate expansion plans not set up one of the Solo 401(k) arrangements.

Caution: If the business owner has other businesses or is part of a controlled group of corporations, partnerships, proprietorships, or affiliated service groups, the employer aggregation rules may apply and the employees of those other businesses may have to be considered for purposes of meeting qualification and minimum coverage requirements for the Solo 401(k).

For additional information about Solo 401(k) plans and how they might fit into your tax strategy and retirement-planning, please give this office a call. If you are considering a Solo 401(k) plan, be aware that the plan must be set up before year's end.

Do You Need a More Robust Version of QuickBooks?

Maybe you just need to study your current version thoroughly. But it might be time to move up. If QuickBooks were just one product, its appeal would be more limited than it is. Because there's an entire family of Windows desktop software applications (as well as five online versions and a Mac edition), the QuickBooks family has found a home in millions of small businesses, and it remains the market leader.

Though QuickBooks versions themselves are not scalable (able to expand as your business grows), you can move up to a more sophisticated edition when you outgrow your current version.

But how do you know whether it's time to upgrade or whether you're just not stretching your current version to its fullest capabilities? We can help you determine that, and we'll help you move into a more appropriate edition when/if that occurs.

Desktop Differences
There are three Windows-based versions of QuickBooks: **Pro**, **Premier** and **Enterprise Solutions**. They all let you:

- Import and export data

Figure 1: All desktop versions of QuickBooks let you import and export data.

- Track income and expenses
- Build and maintain records for customers, vendors, employees and items
- Create and send transaction forms like invoices, estimates and purchase orders
- Download bank and credit card transactions, and pay bills online
- Customize and run dozens of reports
- Keep track of your inventory of items, and
- Add a payroll-processing service.

All three versions share a similar user interface and navigational scheme, so when you move up to the next level, you only need to learn the new features. The 2013 offerings make it even easier to learn and use QuickBooks, since Intuit completely revamped the look and feel for those most current editions.

QuickBooks Pro is the base desktop product, offering everything in the above list and more. But would you rather have access to 150+ reports instead of 100, including some that are industry-specific? **QuickBooks Premier** can provide that, in addition to charts of accounts, sample files and menus tailored to your company's industry. It also offers a business plan builder and the ability to forecast sales and expenses.

Figure 2: QuickBooks Premier helps you create a business plan.

The biggest jump in functionality, though, occurs when you move up to QuickBooks Enterprise Solutions. You may want to consider this upgrade when you find that, for example:

- Your system keeps slowing down and experiencing errors because your customer, vendor, item and employee databases have grown too large
- You need to have more than five people accessing QuickBooks simultaneously
- You've launched a second company, and/or
- Your item catalog has grown to the point where you're having trouble managing your multi-location inventory.

Robust Accounting
QuickBooks Enterprise Solutions is well-suited to complex small businesses, and sometimes even larger companies, depending on their structure and needs. It solves the data management problems that Pro and Premier users can experience, thanks to its 100,000+ record and account capacity.

Up to 30 individuals can use the software at the same time, and they have more flexibility than is offered in Pro and Premier. Multiple users can be on the system and still complete tasks like adjusting inventory and changing sales tax rates.

You can manage more than one business using QuickBooks Enterprise Solutions, even working in two company files at the same time and combining reports. Reporting capabilities themselves are much more sophisticated: The Intuit Statement Writer helps you create professional financial statements, and you have much more control over customization of your output.

Figure 3: QuickBooks Enterprise Solutions offers more sophisticated inventory management tools than Pro or Premier.

Inventory management goes many steps further in this sophisticated software. It supports management of multiple warehouse and trucks, and allows transfers among them. Finding specific items is much easier because you can track down to the bin level. FIFO costing is offered as an alternative to average costing, and you can scan items and serial numbers directly into QuickBooks Enterprise Solutions, which tracks both serial and lot numbers.

More Power, More Support
There are many smaller features that make this application far more powerful than QuickBooks Pro and Premier – and also a little more difficult to master. When you think the time is right, we can help you move your current data file into QuickBooks Enterprise

Solutions and provide training.

It's important that you have the right fit when it comes to your accounting software. So consider your current setup carefully before you decide to move up.

October Extension Due Date Rapidly Approaching

Article Highlights

- October 15 is the extended due date for filing 2012 federal individual tax returns.
- Late-filing penalty for individual federal returns is 5% of the tax due for each month, or part of a month, for which a return is not filed, up to a maximum of 25% of the tax due. A separate penalty applies for filing a state return late.

If you could not complete your 2012 tax return by the normal April filing due date, and are now on extension, that extension expires on October 15, 2013, and there are no additional extensions. Failure to file before the extension period runs out can subject you to late-filing penalties.

There are no additional extensions, so if you still do not or will not have all of the information needed to complete your return by the extended due date, please call the office so that we can explore your options for meeting your October 15 filing deadline.

If you are waiting for a K-1 from a partnership, S-corporation, or fiduciary return, the extended deadline for those returns was September 16. So, if you have not received that information yet, you should probably make inquiries.

Late-filed individual federal returns are subject to a penalty of 5% of the tax due for each month, or part of a month, for which a return is not filed, up to a maximum of 25% of the tax due. If you are required to file a state return, and do not do so, the state will also charge a late-file penalty.

If this office is waiting for some missing information to complete your return, we will need that information at least a week before the October 15 due date. Please call this office immediately if you anticipate complications related to providing the needed information, so that a course of action may be determined for avoiding the potential penalties.