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Monthly Newsletter

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16 Tax Issues Facing Small Business Owners in 2014

2014 will be a challenging tax year for businesses and higher-income taxpayers. The following issues are concerns that may impact you and your company's tax liability in the new year.

- **Small Business Health Insurance Credit** – The tax credit to small employers (25 or fewer equivalent full-time employees) that provide an affordable health insurance plan for their employees and supplement at least half the premiums, will increase to 50% of the employer's contribution in 2014, up from 35% in 2013. For non-profit employers, the credit will be 35% in 2014.

- **Net Investment Income Tax** – As part of the Patient Protection & Affordable Care Act (the new health care legislation sometimes referred to as "Obamacare"), a new tax kicked in for 2013 and will continue in 2014 and beyond. It is 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, certain business assets, stocks, or other investments. This is on top of the 20% long-term capital gain tax rate now in effect for higher-income taxpayers.
- **Higher Tax Rates** – Prior to the increase in 2013, there were six tax brackets: 10, 15, 25, 28, 33, and 35%. Beginning in 2013 and continuing for future years, a new top rate of 39.6% has been added for higher-income taxpayers.
- **Higher Capital Gains Rates** – Beginning in 2013 and continuing for future years, the tax rate for long-term capital gains and qualified dividends has been increased to 20% (up from 15%) for taxpayers with incomes exceeding the threshold for their filing status.
- **Medical AGI Phase-out** – Beginning in 2013 and continuing for future years, a taxpayer's medical deductions will be reduced by 10% of their adjusted gross income, up from the previous 7.5% (but the 7.5% continues to apply to seniors through 2016).
- **Possibility of Lower Expensing Deductions** – The Sec 179 business expensing allowance for business equipment drops from $500,000 per year to $25,000 in 2014 unless Congress extends the more liberal amount.[(1)]
- **Bonus Depreciation Expires** – Beginning in 2014, the 50% bonus depreciation for tangible business assets will expire unless Congress extends it.[(1)] This also reduces the first-year maximum depreciation deduction for business autos and small trucks.
- **Individual Insurance Mandate** – Beginning in 2014, the Patient Protection & Affordable Care Act will impose the new requirement that U.S. persons, with certain exceptions, have minimum essential health care insurance, or face a penalty.
- **Large Employer Mandatory Insurance Requirement** – Originally scheduled to begin in 2014 but delayed until 2015 because the government did not have the reporting mechanisms in place, large employers, generally those with 50 or more full-time equivalent employees in the prior calendar year, that:

- Do not offer health coverage for all its full-time employees,
- Offer minimum essential coverage that is unaffordable (employee contribution being more than 9.5% of the employee's household income), or
- Offer minimum essential coverage where the plan's share of the total allowed cost of benefits is less than 60% (i.e., less than the bronze plan coverage),

will be required to pay a penalty if any of its full-time employees were certified to the employer as having purchased health insurance through a state or federal exchange and qualified for either tax credits or a cost-sharing subsidy.

- **Simplified Home Office Deduction** – Effective for tax years beginning in 2013 and continuing for 2014 and beyond, taxpayers can elect a simplified deduction for the business use of the taxpayer's home. The deduction is $5 per square foot with a maximum square footage of 300. Thus, the maximum deduction is $1,500 per year. Eligibility qualifications are the same whether the simplified or regular deduction is claimed.
- **Increased Payroll and Self-Employment Tax** – As part of the new health care legislation, higher-income taxpayers are faced with an additional 0.9% health insurance (HI) tax. Starting in 2013, and continuing for future years, this surtax is imposed upon wage earners and self-employed taxpayers whose wage and self-employment income exceeds $250,000 for married taxpayers filing jointly ($125,000 if filing separately) and $200,000 for all others.
- **Pease Limitations** – The Pease limitation on itemized deductions that was reinstated in 2013 will continue for 2014. The Pease limitation phases out certain itemized deductions for higher-income taxpayers.
- **Phase-out of Exemptions** - The phase-out of exemptions for higher-income taxpayers that was reinstated in 2013 continues for 2014.
- **Longer Depreciation Life for Leasehold and Restaurant Property** – The current 15-year depreciable life will increase to 39 years in 2014.(1)
- **Qualified Small Business Stock Gain Exclusion** – Beginning for qualified small business stock issued in 2014, the gain exclusion drops from 100% to 50%.
- **Qualified Real Property Expensing** – Congress temporarily permitted the use of the Sec 179 expensing deduction to write off certain leasehold improvements, and restaurant and retail property improvements. Without Congressional intervention, this provision will no longer be available in 2014.

(1) Congress, a few years back, engaged in brinkmanship with last-minute tax changes. Normally, they have managed to finalize tax law by year's end. However, for 2013, they adjourned without addressing the issue of extending many tax breaks that were set to expire at the end of 2013. It is not known if these tax provisions will be extended or not.

Did You Collect the Needed W-9s?

Article Highlights:

- The IRS Form W-9 is used to obtain independent contractors' tax ID numbers.
- Tax ID numbers are required when filing 1099s.
- 1099-MISCs must be issued to independent contractors that are paid $600 or more during the year for performing services for a trade or business.

If you used independent contractors to perform services for your business or trade, and you paid them $600 or more for the year, you must issue them a Form 1099-MISC to get the deduction for their labor and expenses and avoid potential penalties. (This requirement generally does not apply to payments made to a corporation. However, the corporation exception does not apply to payments made for attorney fees and for certain payments for medical or health care services.)

It is not uncommon to have a repairman out early in the year, pay him less than $600, then use his services again later and have the total paid him for the year exceed the $600 limit. If this happens, you may overlook the information needed to file 1099s for the year. Therefore, it is good practice always to have individuals complete and sign the IRS Form W-9 the first time you use them. This eliminates oversights and protects you against IRS penalties and conflicts.

Many small business owners and landlords overlook this requirement during the year, and only realize in January that they have not collected the required documentation to issue 1099s.

If you have not collected W-9s throughout the year, do so as soon as possible, so you will have them available when it comes time to prepare 1099s for the year. It is sometimes difficult to acquire contractor information after the fact, especially from those contractors with no intention of reporting the income, so it’s always better to get it up front.

Form W-9 provides entries for the contractor’s name, contact information and tax ID number. It also includes a signature block for the contractor, certifying the information and insulating you against penalties if he or she provides an incorrect or phony ID number.

If you have questions or need copies of the Form W-9, please call this office. This office can also assist you with your 1099 filing requirements in January.

1099s Due To Service Providers

If you are a business or rental property owner and paid $600 or more for the services of individuals (other than employees) during a tax year, you are required to provide Form 1099 to those workers by January 31st. "Services" can mean everything from labor, professional fees and materials, to rents on property. In order to avoid a penalty, copies of the 1099s need to be sent to the IRS by February 28, 2014 (March 31, 2014 if filed electronically). They must be submitted on optically scannable (OCR) forms. This firm prepares 1099s in OCR format for submission to the IRS with the 1096 submittal form. This service provides both recipient and file copies for your records. Please call this office for preparation assistance.

Payments that may be covered include the following:

- Cash payments for fish (or other aquatic life) purchased from anyone engaged in the trade or business of catching fish
- Compensation for workers who are not considered employees (including fishing boat proceeds to crew members)
- Dividends and other corporate distributions
- Interest
- Amounts paid in real estate transactions

• Rent
• Royalties
• Amounts paid in broker and barter exchange transactions
• Payments to attorneys
• Payments of Indian gaming profits to tribal members
• Profit-sharing distributions
• Retirement plan distributions
• Original issue discount
• Prizes and awards
• Medical and health care payments
• Debt cancellation (treated as payment to debtor)

Maximize Your American Opportunity for Education Tax Benefits

Article Highlights:

- American Opportunity Credit provides up to $2,500 of tax credit for the cost of post-secondary tuition in each of the first four years of attendance.
- The credit may be partially refundable.
- Credit is claimed on the tax return of the individual claiming the student's tax exemption.
- The $2,500 credit is a per-student limitation, so the credit can be higher for multiple students in a family.
- Credit phases out for higher-income taxpayers.

The tax code provides tax credits for post-secondary (college) education tuition paid during the year for a taxpayer, spouse, or dependents. Taxpayers should make every attempt to take advantage of these benefits. The most lucrative of the credits is the American Opportunity Credit (AOTC) that provides a partially refundable tax credit for the first four years of post-secondary education.

The credit is 100% of the first $2,000 spent on post-secondary education, not including room and board, during the year and 25% of the next $2,000 for a maximum credit of $2,500. The credit does phase-out for joint filers with incomes between $160,000 and $180,000. For single taxpayers, the phase-out is between $80,000 and $90,000.

There are some interesting quirks to this credit that give rise to some tax planning options. For starters, the credit is claimed on the tax return where the student's exemption is claimed. For example, suppose parents are divorced, the mother claims the child as a dependent on her return, and the father pays the child's college tuition. The mother would actually be the one who gets the credit. However, don't forget the credit phases out at higher incomes, and should the higher-income parent be claiming the student's dependency exemption, there may not be any credit at all. Any planning strategy must take into consideration the income of the one who is qualified to claim the exemption.
Another example is grandparents paying the tuition for a grandchild. They would have no gift tax issues if the tuition is paid directly to the school, since educational gifts are exempt from the gift tax. In addition, the one who claims the child, generally the grandchild's parents, gets the credit also free of any gift tax liability.
If you have multiple students in the family, the AOTC is a per-student credit so you can claim up to $2,500 for each student who meets the requirements, including the half-time enrollment requirement. Up to 40% of the credit may be refundable, but the balance can only be used to offset the current year's tax and any excess is lost.

There is also another less beneficial credit – the Lifetime Learning credit – that can be claimed when the AOTC no longer applies; rather than a per-student limitation, it has a per-family limitation and lower income levels at which phase-out of the credit starts.

If you would like to learn more about the American Opportunity Credit and other education tax benefits that can help you defray the cost of post-secondary education for yourself or your family, please give this office a call. Education tax planning is also available.

Maximize Your Medical Deductions

Article Highlights

- The medical deduction AGI floor has increased to 10%, up from 7.5%.
- For taxpayers age 65 or older and their joint-filing spouses, the AGI floor remains at 7.5% until 2017.
- For all taxpayers subject to the alternative minimum tax (AMT), the AGI floor is 10%.

Beginning this tax year, the only medical expenses that you can deduct are those in excess of 10% of your adjusted gross income (AGI), up from the previous 7.5% AGI limitation. The limitation remains at 7.5% for taxpayers age 65 and over through 2016, unless they are subject to the alternative minimum tax, in which case it is 10% for them as well. For joint return filers not subject to the AMT, if either spouse is age 65 or older, the 7.5% of AGI limitation applies to their joint medical expenses.

If you don't itemize your deductions or are nowhere near exceeding the AGI limitation, you need not concern yourself with this deduction. On the other hand, if you do itemize and think you might meet the AGI limitation, then it may be worth your time to summarize your medical expenses for the year. Use the following checklist to help you accumulate your deductible medical expenses. The list is by no means all-inclusive, and some of the deductions listed may have additional restrictions not included here.

- Ambulance
- Artificial Limb
- Artificial Teeth
- Birth Control Pills
- Braille Books and Magazines
- Abortion, Legal
- Acupuncture
- Alcoholism Treatment
- Chiropractor
- Christian Science Practitioner
- Contact Lenses
- Crutches
- Dental Treatment
- Drug Addiction Treatment
- Drugs (Prescription)
- Eyeglasses
- Fertility Enhancement
- Guide Dog
- Hearing Aids
- Hospital Services
- Medicare B & D Premiums
- Medical Services
- Medicines, Prescribed
- Mentally Retarded, Special Home for
- Nursing Home
- Nursing Services
- Operations
- Optometrist
- Organ Donors
- Osteopath
- Oxygen
- Prosthesis
- Psychiatric Care
- Psychoanalysis
- Psychologist
- Special Schools and Education
- Sterilization
- Stop Smoking Programs
- Surgery

- Impairment-Related Expenses
- Insurance Premiums
- Laboratory Fees
- Laser Eye Surgery
- Lead-based Paint Removal
- Learning Disability Treatment
- Therapy
- Vasectomy
- Weight-loss Program
- Wig (Cancer Patient)

If you have questions related to your medical tax deductions please give this office a call.

Did You Take Your Required Minimum Distribution for 2013?

Article Highlights

- In the year you reach 70½, you become subject to the required minimum IRA distribution rules.
- Failure to take the required minimum distribution can result in a 50% penalty.
- The penalty can be waived under certain circumstances.
- IRA-to-charity transfers are possible in 2013.

The IRS does not allow IRA owners to indefinitely keep funds in a Traditional IRA. Eventually, assets must be distributed and taxes must be paid. If there are no distributions, or if the distributions are not large enough, the IRA owner may have to pay a 50% penalty on the amount that was not distributed as required. Generally, required distributions begin in the year when the IRA owner reaches the age of 70½.

IRA owners must take at least a required minimum distribution (RMD) amount from their IRA each year, which starts with the year they reach age 70½. A taxpayer who fails to take a RMD in the year when age 70½ is reached can avoid a penalty by taking that distribution no later than April 1st of the following year. However, that means the IRA owner must take two distributions in the following year, one for the year in which age 70½ is reached and one for the current year.

For purposes of determining the RMD, all Traditional IRA accounts—including SEP-IRAs—owned by an individual must be taken into consideration. The minimum amount that must be withdrawn in a particular year is the value of the IRA account at the end of the business day on December 31st of the prior year, divided by the number of years the IRA owner is expected to live based on the IRS life expectancy tables and using the taxpayer's oldest age for the year.

The RMD can be taken all at once, sporadically, or in a series of installments (monthly, quarterly, etc.) as long as the total distributions for the year are at least the minimum required amount.

Distributions that are less than the RMD for the year are subject to a 50% excise tax penalty. The IRS may waive the penalty if the failure to withdraw the minimum amount or part of the minimum amount was due to reasonable error, and the owner has taken, or is taking, steps to remedy the insufficient distribution.

For 2013, you can also directly transfer up to $100,000 from your IRA to a charity, thereby avoiding the income on your tax return. Such a transfer can count toward your RMD requirement. Although you get no charitable deduction as the contribution is excluded from income, it essentially allows taxpayers to deduct the charitable contribution without itemizing. Also, a charitable transfer effectively reduces your income, which in turn can reduce your taxable Social Security and other tax limitations based on income.

If you have questions regarding your RMD for 2013 or how an IRA-to-charity transfer can benefit you, please give this office a call.

Home Mortgage Interest and Unmarried Couples

Article Highlights:

- Home mortgage interest can generally be deducted only by a person who is legally obligated to pay the mortgage.
- An exception to the preceding general rule applies for interest paid on a real estate mortgage when a person is a legal or equitable owner of the real estate, but is not directly liable for the debt.
- If the person making the mortgage payment is not liable, or is not an equitable owner, then that individual is not allowed the interest deduction, nor is the individual who is liable on the debt.

It is becoming increasingly common for couples to live together and remain unmarried, which can lead to potential tax problems when they share the expenses of a home, but only one of them is liable for the debt on that home.

Home mortgage interest can generally be deducted only by a person who is legally obligated to pay the mortgage (in other words, a person who is named as an obligor on the mortgage document). However, there is an exception to the preceding general rule for interest paid on a real estate mortgage when a person is a legal or equitable owner of the real estate, but is not directly liable for the debt.

For example, if the one who is not liable on the mortgage makes the payment, that individual is not allowed to deduct the interest portion of the payment, nor is the other person, because he or she did not pay it. This can lead to some complications where one of the couple earns significantly more income and would benefit tax-wise from an interest deduction, but the other person is the liable party on the loan. It is not uncommon for couples who both work to share the mortgage payments in the mistaken belief that they can each deduct their share of the mortgage interest on their individual tax returns.

Although state law governs what constitutes equitable ownership, equitable ownership can generally be established if both parties are on title to the property, even if only one is liable on the loan. The premise behind equitable ownership is that an individual is protecting his or her ownership in the home by making some or all of the mortgage payments.

This position was upheld in a 2011 Tax Court decision where the court denied a taxpayer's home mortgage interest deduction that she paid until she became co-owner of the property with her boyfriend and was legally obligated to make the mortgage payments.

If you are in a similar situation and have questions related to sharing potentially tax-deductible expenses, please give this office a call.

Mandatory Health Insurance Starts Next Month—Are You Ready?

Beginning in January, everyone, with certain exceptions, is required to have minimum, essential health care insurance. This issue has received a significant amount of press coverage recently, both negative and positive. Regardless of your opinion related to the issue, the mandatory insurance requirement, together with the accompanying penalties for not being insured, premium assistance credits, and insurance subsidies, all begin in 2014. The new marketplace, also called exchanges, where insurance policies can be purchased, have debuted already, but with mixed success. These new provisions are all part of the Affordable Care Act (sometimes referred to as Obamacare) that are being phased in over a number of years.

How this will affect you and your family will depend upon a number of issues:

Already insured – If you are already be insured through an employer plan, Medicare, Medicaid, the Veterans Administration, or a private plan that provides minimal, essential health care, then you will not be subject to any penalties under this new law.

Those exempt from the mandatory insurance requirement – The following individuals are exempt from the insurance mandate, and will not be subject to a penalty for being uninsured:

- Individuals who have a religious exemption
- Those not lawfully present in the United States
- Incarcerated individuals
- Those who cannot afford coverage based on formulas contained in the law
- Those who have an income below the federal income tax filing threshold
- Those who are members of Indian tribes
- Those who were uninsured for short coverage gaps of less than three months
- Those who have received a hardship waiver from the Secretary of Health and Human Services, who are residing outside of the United States, or who are bona fide residents of any possession of the United States.

Help for those who can't afford coverage – Individuals and families whose household income is between 100% and 400% of the federal poverty level will qualify for a varying amount of subsidies to help pay for the insurance in the form of a Premium Assistance Credit. The lower the income, the more substantial the credit, which slowly phases out as the income increases, and is totally eliminated when the income reaches 400% of the poverty level. For those in the lower income levels, the subsidy will usually cover the bulk of the insurance costs.

To qualify for that credit, the insurance must be acquired from an insurance exchange operated by the individual's or family's resident state, or by the federal government when the state does not have an exchange. These exchanges have been up and running (more or less) since October 1, 2013, allowing individuals and families to apply for coverage which will become effective as of January 1, 2014.

There has been considerable negative press related to the federal exchange. The federal Internet site has not been functioning efficiently, but the administration says the problems will be corrected so everyone who needs to, can apply. Individuals who reside in states with their own exchange will use their state's exchange and should not be concerned with the federal exchange. In general, the state-run exchanges seem to be operating smoother than the federal exchange, but some of the state exchanges have also had their problems. Some insurance companies offering insurance through an exchange also offer assistance in signing up through the exchange without going through the website. But be cautious—to be eligible for a subsidy, the insurance must be purchased through an exchange. If you purchase a policy directly from an insurance company without going through an exchange, you won't be qualified for a subsidy, regardless of your income level.

It is important to note that the subsidy is really a tax credit based upon family income. It can be estimated in advance, and used to reduce the monthly insurance premiums; it can be claimed as a refundable credit on the tax return for the year; or it can be some combination of both. However, it is based upon the current year's income and must be reconciled on the tax return for the year. If too much was used as a premium subsidy, some portion may need to be repaid. If there is an excess, it is refundable.

If household income is below 100% of the poverty level, the individual or family qualifies for Medicaid.

***Penalty for noncompliance* –** The penalty for noncompliance will be the greater of either a flat dollar amount or a percentage of income:

- For 2014, $95 per uninsured adult ($47.50 for a child), or 1 percent of household income over the income tax filing threshold
- For 2015, $325 per uninsured adult ($162.50 for a child), or 2 percent of household income over the income tax filing threshold
- For 2016 and beyond, $695 per uninsured adult ($347.50 for a child), or 2.5 percent of household income over the income tax filing threshold

Flat dollar amounts – The flat dollar amount for a family will be capped at 300% of the adult amount. For example, in 2014, the first year for the penalty, the maximum penalty for a family will be $285 (300% of $95). But for 2016, the maximum penalty jumps to $2,085 (300% of $695). The child rate will apply to family members under the age of 18.

Overall penalty cap – The overall penalty will be capped at the national average premium for a minimal, essential coverage plan purchased through an exchange. This amount won't be known until a later date.

If you have any questions as to how this new insurance requirement will affect you, please call.

Small Firm Health Insurance Marketplace Postponed

Article Highlights:

- Small Employer Health Insurance Credit
- Credit Qualifications
- Administration Delays Availability from Government Marketplace until 2015

Beginning in 2010, the federal government offered small employers a tax credit as an incentive to provide health insurance to their employees. This credit was up to 35% of the employer's contribution toward the cost of the employees' health insurance for 2010 through 2013, with an increase to 50% starting in 2014, and then available only for two consecutive years after 2013. For non-profit employers, the credit percentages are 25% and 35%, respectively.

A small employer is one that employs 25 or fewer equivalent full-time employees with average full-time wages of $50,000 or less. That definition is misleading, since the **maximum** credit is only available to employers with 10 or fewer employees with average full-time wages of $25,000 or less; the credit begins to phase out as the number of employees and average full-time wages increase.

Prior to the startup of health insurance marketplaces, a small employer would qualify for the credit by purchasing group insurance on the open market and paying at least 50% of the employees' premiums. Beginning in 2014, the credit was only supposed to be available if the insurance was purchased through the federal or state government-run marketplaces.

However, because of the problems with making the federal marketplace website functional, the Administration has announced a one-year delay to 2015 for the requirement that the insurance be acquired through a government-run insurance marketplace. This will allow small businesses to continue with their existing plans for another year, and still qualify for the credit if the insurance otherwise meets the required criteria.

If you have questions related to the small employer health insurance credit or any of the tax provisions of the Affordable Care Act being implemented in 2013 and 2014, please give this office a call.

Make QuickBooks Yours in 2014: Customize

QuickBooks can be used as is (with some exceptions), but you can customize many elements to improve your workflow, your form output and your business insight.

While many of the things you purchase and use in your daily work and professional lives don't come with options, many do. Think about the last time you bought a car, for example. Did you request additional features for safety or convenience or aesthetic value?

You can't buy "extras" with your copy of QuickBooks. You can select from the different versions (Pro, Premier, etc.) and extend the software's functionality by installing integrated add-ons from the Intuit App Center. But if you install QuickBooks on two machines from the same DVD or download, they'll look and work the same.

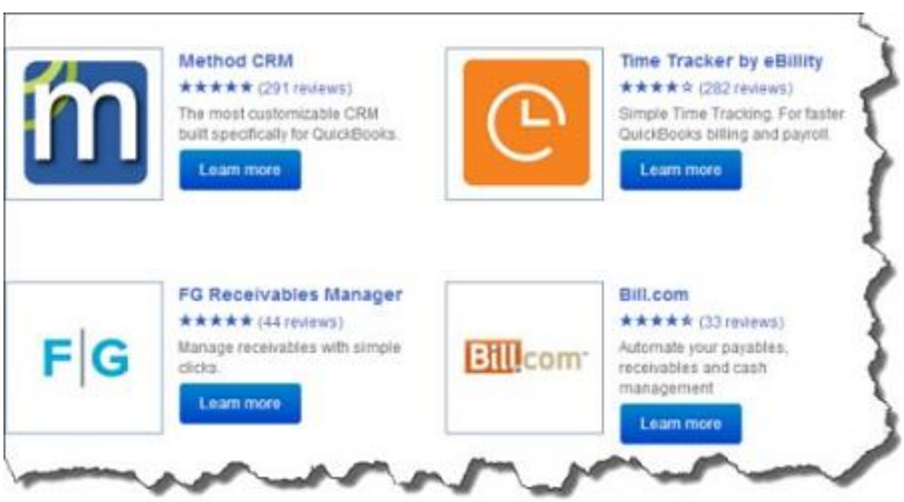

Figure 1: Need more functionality in areas like CRM or receivables? Talk to us about adding an integrated app.

That is, until you start customizing the product, which you should do. The customization options in QuickBooks let you:

- Change the appearance of your desktop
- Modify forms to include only needed content and to make them look professional and uniform, and
- Drill down deeply on your company data to isolate only the information that you want.

The benefits of customization are obvious. You'll accelerate your workflow, polish your image and get insight that helps you make critical business decisions.

Your Desktop View
QuickBooks has always made your most commonly-used tools available on the home page. Intuit revamped this screen very skillfully starting with the 2013 versions, so it's much cleaner and less cramped. But if you don't use all of the functions represented by icons, you don't have to even see them.

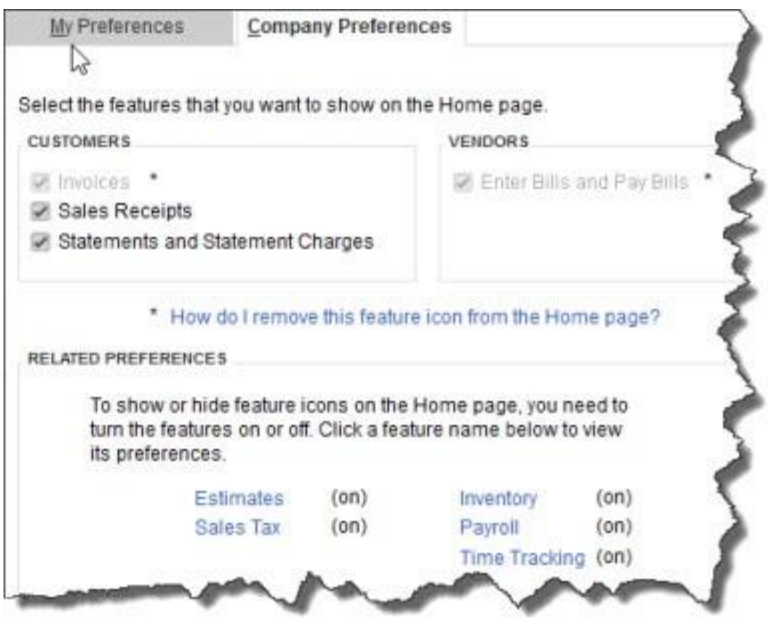

Figure 2: You can remove icons from the home page, but not if related features are enabled.

You can remove icons like **Estimates** and **Time Tracking** if you're not planning to use those functions, but some icons must remain if specific features are active. For example, if sales orders and estimates are enabled, invoices are automatically turned on. Likewise, if you're enabled **Inventory**, **Enter Bills** and **Pay Bills** are locked in, too.

There's an option to either limit the QuickBooks display to one window or let multiple windows open simultaneously. When you open QuickBooks, you can choose to have a specific set of windows open, the window or windows that were open when you shut down, or no windows.

Your Forms
QuickBooks comes with pre-defined forms for transactions like purchase orders, invoices and sales receipts. If you don't like the look of one of these default templates, you can download one from the dozens of alternatives that QuickBooks supplies. You can alter these to better meet your needs – even creating multiple versions of the same type of form to use in different situations. Columns and fields can be added, deleted, renamed and repositioned so that your forms contain only the information that your business requires. You can add your logo and change fonts and colors. Once you've settled on a design, you can apply it to multiple forms to present a unified image to your customers and vendors.

Figure 3: You can specify which fields will appear – both onscreen and in print -- in your templates' headers, footers and columns.

QuickBooks provides the tools to do all of this, but let us help you if you plan to do much modification. It can be challenging, especially if you have to use the **Layout Designer**.

Your Reports
You already know that you can do simple modification of your reports, like changing the date range. You may even have clicked on **Customize Report** and altered the column structure of a report and its sort order.

But do you regularly click on the **Filters** tab in the **Modify Report** dialog box? If you're often frustrated because your reports cover too much ground or an inadequate, unfocused level of detail, you should be exploring the options offered here regularly. Filters restrict the data in a given report to a smaller, more targeted group of records or transactions, based on your needs.

For example, you might want to find out which customers in your New Construction class have outstanding balances (based on invoices) of more than $500 that are more than 60 days old. You'd set up Filters to create this screen:

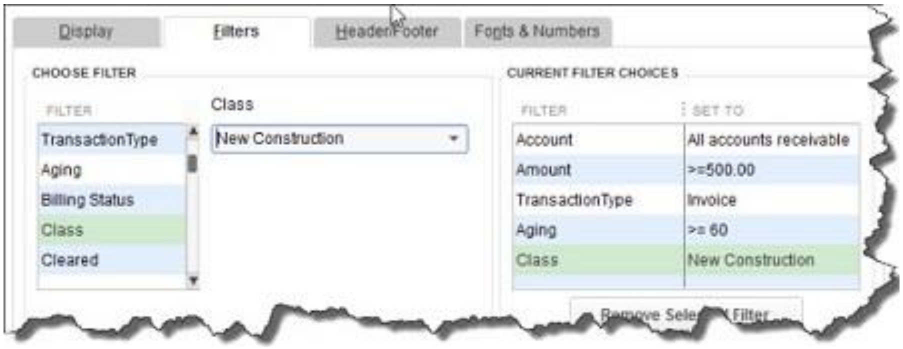

Figure 4: You'll learn far more about your company's financial status if you use Filters in reports. We can help you set up the most effective ones for your business.

Why not resolve to make your copy of QuickBooks your copy of QuickBooks in 2014? Some customization processes will require some upfront time, but once you get going, you'll wish you'd done this sooner.