



**Certified Public Accountants
Business Development Consultants**

Charlotte, North Carolina 704-544-7600

YEAR END PLANNING REMINDERS

Tax plan – Make sure you have completed all of the action items in your tax plan for 2010 to maximize your deductions. We have identified annual tax savings for you; make sure you take advantage of them.

Cash basis taxpayers - Make sure you have *paid* any expenses you wish to deduct for 2010 by December 31, 2010. If you use a credit card and *charge* any expenses by December 31, 2010 these expenses are deductible in 2010 even if you *have not* paid off your credit card.

Accrual basis taxpayers - Make sure you enter payables that are entered for the current year with the 2010 date and not when you receive them to get the deduction in 2010.

S Corporation owners - If you have a loss for this year make sure that you have adequate basis to take the losses. If you loan the corporation money personally then this amount increases your basis. Let us know if you need assistance figuring your basis for this year.

Equipment purchases - Remember that the section 179 depreciation is \$500,000 in 2010.

Retirement plans - Do not forget to maximize your salary deferrals before year end.

Office Rentals - If you own the building where you conduct business, make sure that you are charging adequate rent to cover your expenses. A loss may not be deductible based upon your income and other factors.

YEAR END REPORTING REQUIREMENTS

Fringe Benefits: Make sure you report the following to the company that prepares your payroll for inclusion in your W2s:

- Personal use of company vehicle
- Dependent care assistance (Non-Section 125 plans)
- Employee business expenses that are not documented
- Group term life insurance over \$50,000
- Disability payments from insurance (Is the other party issuing a W-2?)
- Non-qualified moving expense reimbursements
- S-Corporation health insurance for owners Make sure this is included in the W-2. The IRS has taken the position that they will not allow the deduction otherwise. Notify your payroll service of this amount before year end.
- Pension plan

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- Employer paid education not related to employee's job
- Bonuses – NOTE: Bonuses are compensation and need to be reported on the employees W-2.

Magnetic Media - If you have 250 or more employees or subcontractors in the calendar year, you must file electronically with the Internal Revenue Service. Failure to file these reports electronically will result in penalties that can be substantial (\$50 for each W-2 or 1099 over 250, plus other potential penalties).

1099s - If you pay independent contractors, partnerships or unincorporated individuals that receive over \$600 in compensation you are required to file a 1099 for them. This includes people you rent office space, etc. from. The 1099s are due to the individual or partnership by January 31 and to the Internal Revenue Service by February 28. Please contact us if you need us to prepare any 1099s for you. Make sure you have current 1099s contact information for all of your subcontractors. 1099

Business Property Returns - These returns are due January 31. We will extend the return until April 15 for everyone we prepared a return for last year. If we did not file your return last year but wish us to this year, please notify us. Please send us the business property return when you receive it from the county.