

ROBERT C. ROWLAND, C.P.A.
1661 North Swan, Suite 214
Tucson, Arizona 85712
(520) 319-0077
FAX 319-0076
robert@rowlandtax.com

November 30, 2012

Dear Business Tax Clients:

With the end of the year rapidly approaching and as you take these next few weeks to gather up your annual business information, please use the helpful steps below as a guide to ensure we have another year of proper tax filings together:

1. Inventory: December 31st is an appropriate time to **take a physical inventory** (valued at wholesale or market, if lower) of all the items you hold for resale.
2. Business Vehicle: Prior to December 31st, the business should reimburse the business owner or any employee for the business portion or miles for any vehicle owned personally. For 2012 the rate was \$55.5 cents per mile.

However, if the vehicle is owned by the company and the employee (including the business owner) uses the vehicle to some extent for personal mileage (including commuting to and from work); the employee must either reimburse the company for the personal use or include the amount of personal use on the employee's W-2 Form. Making the calculation of business or personal use can be complicated so please do not hesitate to give our office a call if we can be of assistance.

In either case business use of a vehicle should be supported by a mileage log.

3. Nonemployee - Form 1099: It will be necessary to prepare and give 1099 Forms to those performing services for you during 2012 and who were not employees. Similar to prior period, there are several exemptions to this rule: first, no 1099 Forms need to be issued to corporations and second, no 1099 Forms need to be issued to anyone who earned less than \$600.00 during the year. This however does not apply for legal fees and 1099 Forms need to be issued to any lawyer or law firm who provided you services regardless of the amount of whether they are a corporation.

If you wish my office to assist you in preparing those forms **please get to us by January 15th the names, addresses, social security numbers (or federal ID numbers), and the amounts paid to those for whom will need to be issued 1099's.**

For those working in QuickBooks, this may be as easy as following these steps:

- Click on the “Vendor” icon located at the top of your Home Page
 - Scroll down and click on “Print/E-File 1099s...”
 - A separate window will pop up and you will want to click on option 3 “Run Report”
 - Enter in the tax period through December 31, 2012 and a report will generate which should reflect all the information our office will need.
4. Fixed Assets: Attached to your last year’s tax return you will find your 2011 Depreciation Schedule of your fixed assets. **Please review the depreciation schedule and let us know if any of the items have been sold or otherwise need to be removed from the schedule.**
5. Corporate Filing Date: The filing date for corporate tax returns is generally March 15th. **Please get us your corporate accounting records on or before February 21st to ensure filing takes place on time. There is a penalty for late filing in the amount of \$195.00 per month the return is late per S Corporation Shareholder.**

If you need an extension, please give me a call. However, that extension is only good until September 15th.

6. Interest on Officer / Shareholder Loans: The end of year (December 31st) is an appropriate time to pay any interest on officer/shareholder loans. Also, all officer/shareholder loans should be in the form of a promissory note. **If you need assistance in preparing those notes, please give me a call.**
7. Arizona Business Property Statement: The annual statement filed with the county assessor on your business personal property needs to be filed by April 1st. If you wish us to assist in preparing that report, **please send my office the blank report (original) and your accounting records no later than March 8th.**
8. Health Insurance: Health insurance (including Medicare) can be deducted on page 1 of Form 1040 (not subject to 7.5 percent exclusion) if the insurance covers a self-employed individual and/or his family. For a partner (or member of an LLC) that health insurance can be paid or reimbursed by the partnership or LLC and the reimbursement is to be shown as a guaranteed payment includable on the individual tax return.

For an employee of a S Corporation, that health insurance can be paid or reimbursed by the corporation and the reimbursement is to be shown as additional income on the W-2 Form. **If this is your situation, please reimburse the health insurance costs by December 31st and let me know by December 31st that you have done so.**

9. Arizona Corporation Commission: Arizona Corporations are required to file an annual report with the state corporation commission and unfortunately the commission has stopped sending out reminder notices. **Many of you have elected to have our office take over preparation of annual reports and for those who have not you still the**

option to contact us at any time to begin those services.

Please check the Arizona Corporation Commission website at www.cc.state.az.us and click on the "File my Corporation's Annual Report" icon. From there follow the steps to pull up the Business Entity search window and search your corporation name. Please always check to see if you are current on your filings.

10. Payroll: Under current law, the work opportunity tax credit (WOTC) ends December 31st. If you are expanding your staff, consider hiring a qualifying veteran before year-end. The WOTC for hiring veterans ranges from \$2,400 to \$9,600; credit varies depending on certain factors. For example, factors include but are not limited to veteran's period of unemployment and a service-connected disability.
11. Website: Last year I introduced the option to securely share accounting and tax documents via my Client Portal (located on my website at www.rowlandtax.com). **If you have not taken advantage of this option yet, I highly recommend you contact my office to get setup.**

Your QuickBooks file(s) must be less than 102MB in size to share electronically.

12. Patience: Starting January 1st we face a sizeable workload preparing payroll tax reports, W-2 Forms, and 1099 Forms for our clients. If you bring your accounting work to us in January, chances are we will not get to it until sometime in February. For clients we first see their work in February we will more than likely not get to the work until March. Your patience is greatly appreciated.

Please keep in mind our accounting services and tax preparation services are not designed to and should not be relied upon to detect fraud, theft, or illegal acts of employees or others. Naturally, if we do notice such activity we will bring it to your attention.

For additional information or a copy of these helpful steps please visit my website at www.rowlandtax.com.

Sincerely,

A handwritten signature in blue ink that reads "Robert Rowland". The signature is fluid and cursive, with the first name "Robert" being larger and more prominent than the last name "Rowland".

Robert C. Rowland, CPA