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Dear Reader,

Merry Christmas from Sipes and Seaton! This year has flown by...We hope you have had a good one. Here is what we have in store for you with this newsletter...

- Tax Planning
- Closing a Business
- Christmas Wishes
- Our Services
- Good Record Keeping
- Year End Checklist
- Business Valuations

Don't forget to refer Sipes & Seaton to family and friends!



Bill Sipes,
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Why should I take the time to do Tax Planning?

By: Stacy Seaton, EA

Justice Learned Hand of the U.S. Supreme Court once said, "Over and over again courts have said that there is nothing sinister in so arranging one's affairs so as to make taxes as low as possible. Everybody does so, rich or poor, and do right, for nobody owes any public duty to pay more taxes than the law demands. Taxes are enforced exactions, not voluntary contributions." Every year during tax season I hear "I wish I had known that I could do.....to save on my taxes!" Our opinion at Sipes & Seaton CPA is that every client should have a tax plan each year, however it is the least used of our services. The goal of tax planning is to arrange your financial affairs in a way as to minimize your taxes. There are three basic ways to reduce your taxes: reduce your income, increase your deductions, and take advantage of tax credits.

One of the best ways to reduce your income is to contribute money to your 401(k) or similar retirement plan at work. Or take advantage of deductions such as student loan interest, alimony paid, and classroom related expenses for teachers.

A great way to increase your deductions is to take advantage of itemized deductions. The three most used itemized deductions are mortgage interest, property taxes, and gifts to charity.

Lastly, tax credits are used to reduce your tax liability, but many times are overlooked by taxpayer's because if you do not use them the IRS will not voluntarily calculate and give the credit to you. Tax credits are available for college expenses, saving for retirement, adopting a child, child care expenses, and many more.

All this being said, there are many more ways to reduce the amount of taxes you owe each year, but many times the items must be done before December 31. The best way to know how to save money on your taxes is to schedule a tax planning appointment today!

Call 731-664-7777 today for an appointment to discuss your tax plan for 2011 before it is too late!

IRS Checklist for Closing A Business

From "International Tax Counselors' Blog"

*Published By Brian Dooley, CPA
September 23, 2011*

Great tax planning is seeing that each business is in its own corporation or single member LLC. This can protect you. At the same time, all tax filings must be completed.

You must file an annual return for the year you go out of business. If you have employees, you must file the final employment tax returns, in addition to making final federal tax deposits of these taxes. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

The annual tax return for a partnership, corporation, S corporation, limited liability company or trust includes check boxes near the top front page just below the entity information. For the tax year in which your business ceases to exist, check the box that indicates this tax return is a final return. If there are Schedule K-1s, repeat the same procedure on the Schedule K-1.

You will also need to file returns to report disposing of business property, reporting the exchange of like-kind property, and/or changing the form of your business. We have a list (does not include steps taken for the state) we can email of typical actions to take when closing a business, depending on your type of business structure. It includes all the links you need to find the form you are looking for. Just call or email us and we will be glad to send it to you!



To our clients
and friends,

May the Joys
of the Season



Be with
you now
and throughout
the New Year!



Merry Christmas
from the staff
at Sipes and Seaton



Some of Our Services...

We are a trusted financial partner that uses strong relationships and leadership to assist you in determining your vision of the future and to creatively assist you to locate a clear path to attain that future. This includes three major components: protecting assets, minimizing taxes and building wealth. Sipes & Seaton provides a wide range of accounting services to Jackson and the West Tennessee area. Such services include...

Tax Planning and Preparation: Plan ahead to reduce tax liability by having a Mini Tax Plan prepared today!

- Accurate preparation of **federal income tax returns** for Individuals, Corporations, Partnerships, LLC's, Estate's and Trusts
- Preparation of **state income tax returns for Tennessee and other states**
- Preparation of **sales tax returns**
- Preparation of **business tax and personal property tax return**
- Preparation of **payroll and unemployment tax returns**

Monthly Bookkeeping:

- Preparation of Payroll Forms: Ex. Form 941, Form 940, State & Federal Unemployment Returns, etc.
- Preparation of Sales Tax Returns
- Preparation of records to prepare Financial Statements, including Bank Reconciliation
- Weekly/Monthly Payroll Preparation; Provide vouchers for employees, checks, or direct deposit of paychecks

Business Software Consulting: Sipes & Seaton understands that your business has software needs. Therefore, we offer a range of training and consulting in QuickBooks and Client Bookkeeping Solutions. If you are unsure as to what kind of software will meet your business' needs, we can help guide you in the right direction. Whether you're busy running your business, or running to keep up with a busy schedule, time is one of your most valuable assets. Your personal, private NetClient CS portal provides you with instant 24/7/365 access to your accounting and financial information online-anytime-day or night-from anywhere you have a high speed Internet connection.

We also provide **Business Appraisals, Litigation Support, Investment/Financial/Retirement Planning*** and **Arbitration Asset Management.**

Importance of Good Record Keeping

Benjamin Franklin once said: "An ounce of prevention is worth a pound of cure." When it comes to record keeping, the 18th century inventor could not have been more correct. In the event that a natural disaster strikes your home or office, being well organized and redundant in your record keeping can save you or your loved ones considerable time and effort getting life back to normal when the dust settles. Here are a few useful tips any taxpayer can use to help minimize potential damage:

Utilize Electronic Record Keeping

Talk to your bank about paperless bank statements so that you will always have access to them. Instead of receiving them in the mail, they can be sent to your email or you can access your account online with a username and password. Important documents you receive regarding finances and taxes, such as W-2s and tax returns, can be scanned to your computer and stored on an external hard drive or CD for safekeeping. You should keep these external storage devices in secure locations with important documents like your medical directives and powers of attorney, wills and trusts, birth and marriage certificates. You also might consider using an online service to back up your computer's hard drive. These services will store all of the information on your computer on their servers. That way, all of your files are backed up and can be easily recovered if your computer is lost or damaged. Whether or not you choose to utilize paperless record keeping, you should keep physical copies of documents which are difficult to replace in at least one secure location. Secure locations include household safes, fireproof boxes, or safe deposit boxes. You should also consider storing a second set of those documents in a secure location as well.

Keep Evidence of Valuable Belongings

In order to ensure that you can claim your valuable lost property if it is lost or damaged, you should make lists of the objects in each room of your house and be sure to note their value. You should also take digital photos or videos of the belongings in your home. Just be sure to store copies of those files in a secure place. Business owners should create lists to record your possessions by category, such as office furniture and fixtures, information systems, motor vehicles, equipment, etc. Again, be sure to store the pictures, videos, or lists you make in a secure location so that they cannot be stolen or damaged by water and/or fire.

Have a Plan



It is important to have a way to receive information about extreme weather conditions before and after they occur. NOAA Weather Radios send out warnings and post-messages in the event of earthquakes, avalanches, oil spills, floods, and more. Be sure to keep working batteries in yours at all times. Also, be ready to take action if a disaster were to hit; have an emergency plan that you go over annually. Communicate this to your family, employees, or customers, and practice it if necessary.

Article courtesy of Howard J. Schneider, CPA



*Certified Public Accountants, Accredited
in Business Valuation, Business Advisors,
Financial Planning* & Investment Representatives**

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BUSINESS CONTINUITY PLANNING

Create a fortress that defends your company from security threats and unexpected disasters. Our Business Continuity Planning services protect your company's valuable resources. Don't be a statistic.

Contact CCSI for an in-depth analysis of your disaster preparedness.

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Serving West Tennessee for more than 30 years.



YEAR END CHECKLIST



Attention Business Clients: It is that time of year again. Our office plans to be well prepared for the coming tax season. Please help us by sending the items listed below that are needed for end of the year financial statements and income taxes. We need to have this information as soon as possible so that we will be able to finish out your tax year. To help us out, please send the following information as of December 31, 2011 as soon as possible after the first of the year:

- Outstanding Checks- Review all old outstanding checks on all checking Accounts and write off as necessary.
- Ending Inventory- Your inventory records should include a detailed written list of all merchandise held for sales as of the last day of the fiscal year. Include the cost price and total the complete list of merchandise. Make sure you indicate any marked-down or obsolete items. Also the list should be dated and signed by you prepared by year-end or shortly thereafter.
- Accounts Receivable- Accounts receivable balance (any amounts owed to you by customers, including returned checks) for year-end, plus any amounts that you wish to write off to bad debt expense. Include on your list the age of each account and indicate which accounts are uncollectible.
- Accounts Payable- Balances you owed to vendors at year end. This should be broken down by vendor name and the balance they are owed.
- Balance of any loans- Contact your bank to obtain this information.
- Sale of Assets- Please provide a Bill of Sale or other document that list the purchase price, sale price, date bought and sold.
- Verify Employee Addresses and Social Security Numbers (see attached sheets). If there are no sheets attached, then we have received yours, please disregard.
- List of all assets purchased, traded during the year broken down by vendor, date, and description of asset.
- Balance in Cash on Hand.

Our goal is to have our business clients' tax return completed before the end of February. To do this, we need your help. Please be aware that W-2's and 1099's must be mailed by January 31st. If you have any questions or concerns please feel free to call during normal business hours at 731-664-7777. We appreciate your business and wish you the best in the coming year.

Business Valuations... Standard and Premise of Value

Before the value of a business can be measured, the valuation assignment must specify the reason for and circumstances surrounding the business valuation. These are formally known as the business value standard and premise of value. The standard of value is the hypothetical conditions under which the business will be valued. The premise of value relates to the assumptions, such as assuming that the business will continue forever in its current form (going concern), or that the value of the business lies in the proceeds from the sale of all of its assets minus the related debt (sum of the parts or assemblage of business assets).

Business valuation results can vary considerably depending upon the choice of both the standard and premise of value. In an actual business sale, it would be expected that the buyer and seller, each with an incentive to achieve an optimal outcome, would determine the fair market value of a business asset that would compete in the market for such an acquisition. If the synergies are specific to the company being valued, they may not be considered. Fair value also does not incorporate discounts for lack of control or marketability.

Note, however, that it is possible to achieve the fair market value for a business asset that is being liquidated in its secondary market. This underscores the difference between the standard and premise of value.

These assumptions might not, and probably do not, reflect the actual conditions of the market in which the subject business might be sold. However, these conditions are assumed because they yield a uniform standard of value, after applying generally accepted valuation techniques, which allows meaningful comparison between businesses which are similarly situated.

Bill Sipes has valued more than 200 commercial entities -- from corporations to professional practices. He has been qualified as an expert witness by courts and is also an arbitrator for commercial damages with the American Arbitration Association. Call us today for your valuation!