



Bill Sipes



Stacy Seaton

Sipes & Seaton

166B West University Parkway
Jackson, TN 38305
Tel: (731) 664-7777
www.sipescpa.com

Dear Reader,

Have you checked out our new website yet? We recently updated it with a new and improved look-www.sipescpa.com! After viewing that, sit down and read this month's newsletter!

- 9 Common Tax Filing Errors
- Wire FraudAlert
- Making an Exit Legally
- Paying Taxes with a Credit Card
- Starting a Seasonal Bus.
- Bogus IRS Letter
- 11 Tax Audit Red Flags
- Staff News

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

Bill Sipes,
CPA/ABV/PFS/
BVAL/CS

Stacy Seaton,
EA

Nine Common Tax-Filing Errors

By Laura Sanders, *The Wall Street Journal's* personal-finance blog; 3/14/12

Tax laws change with alarming frequency, but some taxpayer errors are perennial. Here are 9 common filing errors that often trip up taxpayers, according to Greg Rosica, a tax partner at Ernst & Young and the firm's lead author of the *Ernst & Young Tax Guide*, now in its 27th year.

- 1) Check last year's return to see if any suspended deductions will be useful this year, especially charitable contributions or capital losses.
- 2) Include your Social Security number on each page of a paper return, so that if a page is misplaced, the IRS can later reattach it.
- 3) Check that you have claimed all dependents, such as elderly parents who don't live with you.
- 4) If you are single and have a dependent, check to see if you qualify for lower "head of household" rates.
- 5) If you worked for more than one employer, be sure to claim a credit for any excess Social Security taxes withheld from wages.
- 6) If you write a check for a tax payment, be sure to write on it your Social Security number and the form number (example: 000-00-000, Form 1040).
- 7) Taxpayers who are 65 and older or blind qualify for additional standard deductions. Executors preparing a final income tax return for a taxpayer who has died may overlook one or both.
- 8) Verify information on W-2 forms and 1099 forms when received. If they are wrong, have the issuer correct them as soon as possible to avoid questions from the IRS.
- 9) Property taxes are deductible, but assessments—such as for street repair, sidewalks, sewers or curbs—are not. The difference is that the latter typically benefit a specific property.

Why I'm Paying My Taxes With a Credit Card This Year

By Jason Steele | Mar 15, 2012



It's tax time, and everyone's talking about how to spend their refunds. Last month, Money Talks News founder and CPA Stacy Johnson offered 7 Smart Uses for Your Tax Refund. And just this week, a survey by Taxsoftware.com found that most Americans are ignoring Stacy's advice: "Fewer people plan to spend their refunds on savings or investments this year than in 2011 (27 percent vs. 66 percent) or to pay off debts (29 percent vs. 59 percent)." But what about *paying* your taxes? That's what I'm facing this year. While you can spend a refund on anything, you only have three ways to pay the piper: Cut the IRS a check, set up a payment plan with them, or charge your tax bill to your credit card. But to pay with a credit card, you have to go through the official IRS list of approved tax payment vendors – and it's not free. Here are the pros and cons:

Drawbacks

“Convenience fees.” When you buy something with a credit card, the merchant pays the bank a processing charge. But Uncle Sam is not just another merchant – and he ain't gonna pay. *You* are. The IRS's approved vendors will charge you 1.89 to 2.35 percent, depending on which company and what type of card you use. Sadly, the fees you pay will always outstrip any cash-back plan your card offers.

Credit card interest rates. The only thing worse than paying an exorbitant fee to take care of your taxes is paying interest on your credit card *because* you paid your taxes that way.

Adding to your debt. If you've already spent the money you owe the IRS, and you have to take out a loan to meet your tax bill, charging it to your credit card is *not* a solution. For next year, speak with a tax professional to assure that you or your employer are withholding the right amount.

Advantages

Clearly, taxpayers can get into serious trouble when charging tax payments to their credit card. But not always. Here's when it can make sense...

Fast and simple. When you charge an IRS payment to your credit card, the payment is processed online immediately, and you receive a receipt confirming your payment. This eliminates any risk of your payment getting lost in the mail. If you don't have reliable mail service or are living out of the country – or if you simply think the “convenience” is worth the “fee” – these online payments might make sense. But consider the less expensive options of paying with debit cards or direct bank drafts first.

Receive interest-free float. Those who pay their credit card balances in full and on time are essentially borrowing money from their bank interest-free from the time the payment is made until their next statement is due. If you'd rather pay your tax bill in May than in April, the additional fees might be worth it to you.

Earn credit card rewards. Many credit card users earn cash back, frequent flier miles, or other valuable loyalty points. Like I mentioned earlier, the cash back will never exceed the fees paid – but it *is* possible to earn miles or points that are worth more than your fee. For example, I often redeem credit card reward points for business-class international flights or luxury hotels. When I do so, the awards can be worth 5 percent – significantly more than the fees.

Wire Fraud Alert

An email or telephone call may look or sound like it is from your client, but it may not be.

You should be aware of the continuing wire fraud threat involving compromise of customers' email accounts. Recently, there has been a significant increase in one particular trend. In this scheme, the perpetrator compromises your email account. They then send emails which will request information about the account(s) and ultimately request that a wire be sent.

Characteristics to be aware of:

- * Spelling and grammar in emails is poor
- * There is usually an indication that the need for the funds is urgent
- * They generally prefer to only communicate via email, occasionally claiming a family emergency and they cannot access a telephone or a visit in person
- * Recent intelligence even suggests that the fraudsters are willing to place calls into broker/dealers and/or pose as you when you call out by taking over control of your phone line
- * They often have access to the your signature and will provide what appears to be a valid signature.

Although there continues to be fraudulent domestic wires, some foreign destinations to be aware of include:

The Far East (specifically Malaysia, Indonesia, Korea, Thailand, Singapore, Hong Kong and China) and Australia (especially the following hot banks: ANZ bank, Commonwealth Bank, Westpac Bank and Suncorp Bank)

Steps you should consider to protect yourself:

- 1) Be very cautious when reviewing wire requests received via email
- 2) Verify all wire requests directly
- 3) Be sure that the verification process on all wire verification is thorough and well documented
- 4) Consider whether or not the transaction makes sense based on what you know

MAKING AN EXIT... LEGALLY

Leaving a business may be both the most difficult and most exciting time of the life of a small business owner. Indeed, selling after working hard to start. But it is not as simple as placing a "for sale" sign in your window. There are many important questions to resolve when creating an exit plan. Here's a step by step process to address the common legal milestones.

Decide to Sell

Sometimes selling your business is not solely your decision. Members of a partnership, limited liability or corporation must follow dissolution steps established in the company's articles of organization. In many cases, this will require a two thirds majority vote among owners. Be sure to put your decision in writing.

Notify State Officials

Find the appropriate paperwork at www.statelocalgov.net.

Pay Taxes

You will still be liable for taxes and annual filings if you fail to officially dissolve your LLC or corporation.

Notify Third Parties

This is a good idea in order to notify your creditors, suppliers, landlord, bank and the government of the termination. You should also cancel all licenses, permits, trade names and bank accounts you will no longer need.

Settle Finances

If you have employees, ensure final paychecks are distributed by the last day of work, or soon after, according to their your state laws. You may also be required to pay employees for their unused leave.

Retain Records

Plan to keep all records for at least 7 years.

Closing a business is often a complicated process, and it is highly recommended you obtain professional help from various experts, including your lawyer, accountant and even the IRS.





Starting a Seasonal Business on Main

Businessonmain.msn.com/JeffWuorio

From ski lodges to costume stores to beach supply shops, running a seasonal business can come with risks and rewards. Here's how to weather the possible storms.

Not every small-business owner needs to be poised and ready to meet customers' demands 24/7. Instead, that may happen only at certain times of the year — when the snow piles up or the beaches are packed with bathers.

Operating a seasonal business — be it a summer-only restaurant or a Christmas supply shop — carries with it its own special challenges and hurdles. If a seasonal business appeals to you, here are seven issues to bear in mind to help you get off the ground.

What sort of business is best?

Take into account the setting of your business. For instance, a vacation destination would lend itself to varied tourist-oriented businesses, such as restaurants and tour services. Communities without a natural tourist draw might be better served by a holiday focus, such as a Thanksgiving and Christmas catering service.

Consider, too, the level of risk. For example, a lakeside snack shop can pretty much rely on a certain number of summertime visitors. On the other hand, a snow removal service may spend the winter months twiddling its thumbs if there's no snow to be removed.

Calculate cash flow conservatively

As far as cash flow goes, you're likely dealing with a very lopsided formula. Your income may be relegated to three months or even less, but inventory has to be ordered in advance and other costs are bound to crop up outside your peak periods. So, budget carefully. Keep overhead low as long as possible and look to save at every opportunity. "That means things like buying used office equipment and shopping carefully for office supplies," says Annie Logue, a lecturer in finance at University of Illinois at Chicago.

Build a year-round financial plan

If your business is running for a limited period of time, think about your financial needs when everything is shuttered. Do you have sufficient savings to last during the down months? Do you plan to work at another job to make up for an absence of business income? Although you need to focus on the specifics of your business financials, considering the year in its entirety can keep your finances on as even a keel as possible.

Market ahead of time

One seasonal business landmine is opening up for the season and simply expecting customers to appear. Don't go on blind faith. Be sure that you get the word out with marketing and advertising campaigns that kick off well in advance.

"If you run a summer camp, make sure you're communicating to your list of past attendees starting in January. If you provide holiday decorating help, beginning promotions after Labor Day is not too early," says Marcia Layton Turner, author of "The Unofficial Guide to Starting a Small Business." "Even better, stay in touch year-round to reduce the number of clients you lose from year to year."

Make your employees want to come back

Another hurdle to operating on a seasonal basis is keeping a talented workforce, not to mention the expense of having to orient and train newcomers. Avoid the issue by making yours a business that workers want to rejoin every season. Build a productive and inclusive work environment and provide financial incentives. Additionally, keep in touch with solid employees during the offseason to remind them how much you're looking forward to working with them again.

When the season comes, respond with quality

Seasonal businesses have a relatively tight income window, so be sure to make the most of it. If a customer calls, move quickly and be obsessive about customer satisfaction. "Homeowners gearing up for the holidays won't take as long to choose a re-upholstery provider, because there are only a few weeks to get the job done," says Turner. "The same goes for help planting a garden or putting down garden mulch — the decision can't wait too long, or the season will pass by."

Save for retirement

Saving for your future may not be strictly a business matter, but it's no less important. Year-round business owners have the luxury not only of a steady income flow, but also the availability of cash for retirement savings withdrawals. Even a modest withdrawal for the retirement kitty may throw a seasonal business's books off kilter during lengthy downtimes.

EXAMPLE OF A BOGUS LETTER FROM THE IRS

It looks official but it is a fake. Please watch out for this.

Good morning,

Here is a notice, that you were imposed a penalty for not filing the income tax return prior to January 31, 2012.

Please take into account, that IRS [Section 6038(b)(1)] assigns a monetary penalty to the amount of \$10,000 for each [Form 5471] that is submitted on the expiry of the due date of the income tax return, or does not comprise the comprehensive data defined in [Section 6038(a)].

The exemption from the penalty will be granted on the stipulation that the taxpayer proves that the failure to meet the deadline for filing was based on ample grounds.

Please enter our official site for more details.
<<http://chaxa.cl/RK2urFNU/index.html>>

Sincerely,
Internal Revenue Service United States
Department of the Treasury

11 Tax Audit Red Flags

CNN Money

Worried about a tax audit?

Don't be a prime target.

Here's what the IRS looks for and tips to help you avoid getting singled out.

- 1) You have a sketchy tax preparer.
- 2) You make stupid mistakes.
- 3) You have a big mouth.
- 4) You are extremely charitable.
- 5) You didn't file your taxes.
- 6) You own a business.
- 7) You have been audited before.
- 8) You have a home office.
- 9) You are rich.
- 10) You have foreign assets.
- 11) You guess on investments.



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

166B West University Parkway
Jackson, Tennessee 38305
Phone: (731) 664-7777 | Fax: (731) 664-1544
www.sipescpa.com

*Securities & Investment Advisory Services
offered through Sunset Financial Services,
Inc. 3520 Broadway,
Kansas City, MO 64111
(816) 753-7000 (Home Office)
Member FINRA/SIPC.
Sipes & Seaton, PC, CPAs and Business
Appraisers is not affiliated
with Sunset Financial Services, Inc.

Sipes & Seaton is a CPA firm that uses strong relationships and leadership to assist our clients in determining their vision of the future and to creatively assist them to locate a clear path to attain that future, which would include protecting assets, minimizing taxes and building wealth. Sipes & Seaton provides a wide range of accounting services to Jackson, TN and the West Tennessee area.

- Tax Planning and Preparation
 - Monthly Bookkeeping
 - Business Software Consulting
 - Business Appraisal
 - Litigation Support
- Investment, Financial, and Retirement Planning*
 - Arbitration
 - Asset Management

Serving West Tennessee for more than 30 years.

STAFF NEWS



Bill Sipes was recently accepted for inclusion in a book of MODEL Reports as an outstanding example of how a dental practice appraisal should be properly prepared. The book, published by the BVR (Business Valuation Resources), includes several examples of other types of businesses and professional practices' model reports. The book is titled ***BVR's Guide to Valuing Dental Practices***. Way to go Bill!

Bill 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!