



Tax law changes for 2010

- First \$2,400 of unemployment benefits are no longer tax-free
- Roth IRA Conversions – individuals are free to switch an IRA to a Roth IRA
For conversions done in 2010, taxpayers can spread the taxes due over two years

Look out for taxpayer scams – the IRS does not communicate via e-mail

- Be wary of phony e-mails that ask for personal information
- Using a frivolous argument to avoid paying taxes could subject you to a \$5,000 penalty
- Misuse of tax-exempt organizations is considered tax fraud
- If you receive a notice from the IRS contact your accountant!

W-2's and 1099's are due to employees by February 1

Get new W-4's for employees



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FEBRUARY TAX TIPS

Send corporate information by end of month to file tax returns on time

Tax incentives for business

- New Clean Renewable Energy Bonds
- Qualified Energy Conservation Bonds
- Extension of Renewable Energy Production Tax Credit
- Coordination with Renewable Energy Grants





Complete Form 8027 for tipped employees due March 1 **All of the following must apply:**

- Food or beverage is provided for consumption on the premise
- Tipping is a customary practice
- 10 or more employees who work 80+ hrs in a pay period during the preceding calendar year

First-time homebuyer credit:

Taxpayers who purchased a principal residence before April 30, 2010 to close before June 30, 2010 may claim a refundable credit for up to 10% of the purchase price or max credit of \$8,000. Existing homeowner credit of up to \$6,500 on new home purchases.



Individual, LLC and Partnership tax returns are due April 15

E-file returns – transmit your tax return directly to the IRS electronically to:

- Avoid errors
- Avoid late filing
- Obtain quicker refunds
- Use easy payment options

Electronic Federal Tax Payment System (EFTPS)

Allows taxpayers (individuals and businesses) to pay taxes online or by phone. Payments can be scheduled in advance. This process can help reduce penalties.

- E-file your return at www.irs.gov/efile
- Pay taxes through the Electronic Federal Tax Payment System

Avoid common mistakes

- Review your entire return and make sure you sign the return
- Provide correct mailing address (if mailing a paper return)

NOTE: Filing an extension does not grant you an extension on payment



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MAY TAX TIPS

Start planning your retirement

- Contribute to an IRA or 401K
- Stocks work best for long-term growth planning
- Avoid heavy movement into bonds
- Look at drawing from taxable accounts first
- Determine your estimated Social Security benefits
- Look into the Simplified Employee Pension (SEP)

For more information, call your HORNE franchise advisor





Benefits of record-keeping

- Helps you monitor the progress of your business
- Important to have in order to prepare financial statements and tax returns
- Payroll records help you meet the federal requirements to provide annual reports and summaries
- Burden of proof if IRS requires to see expenses claimed for tax deductions



Commonly missed deductions and credits

- Able to file an amended return to claim missed deductions and credits within three years
- Earned Income Credit, Child Tax Credit, medical expenses, moving expenses
- Education tax benefits including:
 - American Opportunity Credit for 2009 and 2010
 - Tuition and Fees Deduction
 - Student Loan Interest Deduction
 - Lifetime Learning Credit



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AUGUST TAX TIPS

Evaluate your Internal Controls, reduce the risk of fraud and assure the following:

- Efficiency and effectiveness of operations
- Compliance with applicable laws and requirements
- Reliability of financial requirements

Ask your HORNE advisor about performing an internal controls evaluation for your business(es)





File Form 1120, 1120-S or 1065 that were extended

Self-employment strategies

- Keep every business related receipt to use as a write off
- Maximizing your non-capital losses can result in major tax savings
- Consider employing your children to save on taxes if earnings do not exceed \$4,250/year
- Talk to a professional for other strategies

Evaluate your loan interest rates against the market

Obtain pricing proposals on insurance

Contact your CPA for review and planning for remainder of 2010 and beginning of 2011



Estimated tax payments

- If you received income where taxes were not withheld you're generally required to pay estimated taxes
- Use Form 1040-ES
- If you underpay your estimated taxes, you may be subject to a penalty

Begin tax planning

- Review budgeting for remainder of 2010 and start planning budget for 2011



Year end tax tips

- Defer income
- Exploit last-minute deductions (i.e. state tax, property tax, elective medical)
- Increase expenses
- Pay outstanding bills early
- Purchases (i.e. equipment)
- Contribute to a retirement plan
- Inventory write-offs
- Accounting up-to-date



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DECEMBER TAX TIPS

Check up on your Flexible Spending Accounts

Perform year-end inventory

Purchase needed equipment

