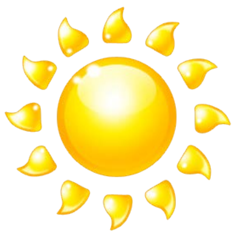
Accounting RESOURCES

2013 Summer Newsletter



We want to thank you again for your continued support of our business. We appreciate each of you. Your referrals are welcomed!

Please contact us if you have questions. We are here to serve you. Hope you have a great summer.

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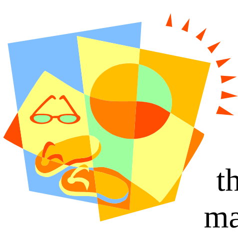
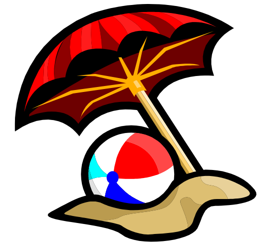


Summer day camp can provide a tax credit

If your child attends day camp this summer, the expense paid may qualify for a tax credit. The credit may be as high as 35% of qualifying expenses. The maximum amount of expenses that can qualify for the credit is $3,000 for one child ($6,000 for two or more children). The general rule for eligibility is that both parents must work or be full-time students and show that it is necessary to provide child care for a child under age 13 at the time the expenses are incurred. The credit rate is phased down according to the taxpayer's adjusted gross income.

Deducting Your Spouse's Travel Costs



If there is a legitimate business reason why you take your spouse with you on a business trip, you can deduct his or her travel costs. In addition, some of your spouse's travel costs may be deductible even if there is no business reason for the spouse's travel. Some examples:

• Hotels. If the rate for a single room is $140 and the rate for a double room is $180, you can deduct $140 of the $180 of the double room rate.

• Entertainment. If you and your spouse entertain a customer, 50% of the cost is deductible.

• Travel. If the cost of your single regular fare is $600 and you are able to purchase special tickets for $400 each for a couple, you can deduct the regular $600 fare if you take your spouse.

• Meals. As is true of all business meals, 50% of the cost is deductible if your spouse and you have a meeting with a customer and business is discussed

Keep a record of the source of your bank deposits

Make it standard practice to keep records of the source of all your bank deposits. If you are audited by the IRS, these records could protect you from paying taxes and penalties that you don't really owe.

If the IRS suspects that you haven't reported all your income, it can ask to see your bank statements. If you have made a deposit that isn't taxable (such as the proceeds from a loan) you may have to pay taxes and penalties on it if you can't provide the source of the deposit.

Preparing for Hurricanes, Natural Disasters by Safeguarding Tax Records

http://www.irs.gov/uac/Prepare-for-Hurricanes,-Disasters-by-Safeguarding-Tax-Records-1

The Internal Revenue Service encourages individuals and businesses to safeguard themselves against natural disasters by taking a few simple steps.

Create a Backup Set of Records Electronically

Taxpayers should keep a set of backup records in a safe place. The backup should be stored away from the original set.

Keeping a backup set of records — including, for example, bank statements, tax returns, insurance policies, etc. — is easier now that many financial institutions provide statements and documents electronically, and much financial information is available on the Internet. Even if the original records are provided only on paper, they can be scanned into an electronic format. With documents in electronic form, taxpayers can download them to a backup storage device, like an external hard drive, or burn them to a CD or DVD.

Document Valuables

Another step a taxpayer can take to prepare for disaster is to photograph or videotape the contents of his or her home, especially items of higher value. The IRS has a disaster loss workbook, Publication 584, which can help taxpayers compile a room-by-room list of belongings.

A photographic record can help an individual prove the market value of items for insurance and casualty loss claims. Photos should be stored with a friend or family member who lives outside the area.

IRS Offers Tips for Dealing with Notices

http://www.irs.gov/uac/Newsroom/IRS-Offers-Tips-for-Dealing-with-Notices

Each year, the IRS sends millions of letters and notices to taxpayers for a variety of reasons. Here are ten things you should know about IRS notices in case one shows up in your mailbox.

1. Don’t panic. Many of these letters require a simple response.

2. There are many reasons why the IRS sends correspondence. If you receive an IRS notice, it will typically cover a very specific issue about your account or tax return. Notices may require payment, notify you of changes to your account or ask you to provide more information.

3. Each notice offers specific instructions on what you need to do to satisfy the inquiry.

4. If you receive a notice advising you that the IRS has corrected your tax return, you should review the correspondence and compare it with the information on your return.

5. If you agree with the correction to your account, then usually no reply is necessary unless a payment is due or the notice directs otherwise.

6. If you do not agree with the correction the IRS made, it is important that you respond as requested. You should send a written explanation of why you disagree. Include any information and documents you want the IRS to consider with your response. Mail your reply with the bottom tear-off portion of the IRS letter to the address shown in the upper left-hand corner of the notice. Allow at least 30 days for a response.

7. You should be able to resolve most notices that you receive without calling or visiting an IRS office. If you do have questions, call the telephone number in the upper right-hand corner of the notice. Have a copy of your tax return and the notice with you when you call. This will help the IRS answer your inquiry.

8. Remember to keep copies of any notices you receive with your other income tax records.

9. The IRS sends notices and letters by mail. The agency never contacts taxpayers about their tax account or tax return by email.
