

“BECAUSE ACCOUNTING MATTERS AND WE KNOW IT”

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2018 Q1 TAX CALENDAR

January							February							March						
SU	MO	TU	WE	TH	FR	SA	SU	MO	TU	WE	TH	FR	SA	SU	MO	TU	WE	TH	FR	SA
	1	2	3	4	5	6				1	2	3								
7	8	9	10	11	12	13	4	5	6	7	8	9	10	11	12	13	14	15	16	17
14	15	16	17	18	19	20	18	19	20	21	22	23	24	18	19	20	21	22	23	24
21	22	23	24	25	26	27	25	26	27	28				25	26	27	28	29	30	31
28	29	30	31																	

KEY DEADLINES FOR BUSINESSES AND OTHER EMPLOYEES

Here are some of the key tax-related deadlines affecting businesses and other employers during the first quarter of 2018. Keep in mind that this list isn't all-inclusive, so there may be additional deadlines that apply to you. Contact us to ensure you're meeting all applicable deadlines and to learn more about the filing requirements.

January 31

- File 2017 Forms W-2, “Wage and Tax Statement,” with the Social Security Administration and provide copies to your employees.
- Provide copies of 2017 Forms 1099-MISC, “Miscellaneous Income,” to recipients of income from your business where required.
- File 2017 Forms 1099-MISC reporting nonemployee compensation payments in Box 7 with the IRS.
- File Form 940, “Employer’s Annual Federal Unemployment (FUTA) Tax Return,” for 2017. If your undeposited tax is \$500 or less, you can either pay it with your return or deposit it. If it’s more than \$500, you must deposit it. However, if you deposited the tax for the year in full and on time, you have until February 12 to file the return.
- File Form 941, “Employer’s Quarterly Federal Tax Return,” to report Medicare, Social Security and income taxes withheld in the fourth quarter of 2017. If your tax liability is less than \$2,500, you can pay it in full with a timely filed return. If you deposited the tax for the quarter in full and on time, you have until February 12 to file the return. (Employers that have an estimated annual employment tax liability of \$1,000 or less may be eligible to file Form 944, “Employer’s Annual Federal Tax Return.”)

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- File Form 945, “Annual Return of Withheld Federal Income Tax,” for 2017 to report income tax withheld on all nonpayroll items, including backup withholding and withholding on accounts such as pensions, annuities and IRAs. If your tax liability is less than \$2,500, you can pay it in full with a timely filed return. If you deposited the tax for the year in full and on time, you have until February 12 to file the return.

February 28

- File 2017 Forms 1099-MISC with the IRS if 1) they’re not required to be filed earlier and 2) you’re filing paper copies. (Otherwise, the filing deadline is April 2).

March 15

If a calendar-year partnership or S corporation, file or extend your 2017 tax return and pay any tax due. If the return isn’t extended, this is also the last day to make 2017 contributions to pension and profit-sharing plans.



MAKE NEW YEAR’S RESOLUTIONS TO IMPROVE PROFITABILITY

Many people scoff at New Year’s resolutions. It’s no mystery why — these self-directed promises to visit the gym regularly or read a book a month tend to quickly fade once the unavoidable busyness of life sets in.

However, for business owners, the phrase “New Year’s resolutions” is just a different way of saying “strategic plans,” and these are nothing to scoff at. In fact, now is the perfect

Please see [Make New Year’s Resolutions to Improve Profitability](#) on page 2

Make New Year's Resolutions to Improve Profitability from page 1

time to take a critical look at your company & make some earnest promises about improving profitability in 2018.

Ask tough questions

Begin by asking some tough questions. For example: How satisfied are you with the status quo of your business? Are you happy with your profitability or had you anticipated a much stronger bottom line at this point in your company's existence? If you were to sell tomorrow, would you get a fair return based on what you've invested in effort and money?

If your answers to these questions leave you more dissatisfied than pleased, your New Year's resolutions may have to be bold. This doesn't mean you should do something rash. However, there's no harm in envisioning next year as the greatest 12 months in the history of your business and then trying to figure out how you might get there.

Rate your profitability

To assess your company's financial status, begin by honestly gauging your current performance. Rate your profitability on a scale of 1 to 10, where adequate working capital, long-term employees and customers, consistent growth in revenues and profit, and smooth operations equal a 10.

Many business owners will apply numbers somewhere between a 5 and a 7 to these categories. If you rate your business a 6, for example, this means your company isn't tapping into 40% of its profit-generating capacity. Consider the level of improvement you would realize by moving up just one notch — to a 7.

Identify areas for improvement

One way to discover your company's unrealized profit enhancement opportunities is to ask your customers and employees. They know firsthand what you are good at, as well as what needs improvement.

For instance, years ago, when the American auto industry was taking its biggest hits from foreign imports, one of the Big Three manufacturers was experiencing significant customer complaints about poor paint jobs. An upper-level executive visited the paint shop in one of its factories and asked an employee about the source of the problem. The worker replied, "I thought you'd never ask," and proceeded to explain in detail what was wrong and how to solve it.

Get ready for change

If you have a few New Year's resolutions in mind but aren't sure how to implement these ideas or how financially feasible they might be, please contact our firm. We can work with you to identify areas of your business ready for change and help you attain a higher level of success next year.



HOW FINANCIAL STATEMENTS CAN BE USED TO VALUE PRIVATE BUSINESSES

Owners of private businesses often wonder: How much is my business interest worth? Financial statements are a logical starting point for answering this question. Here's an overview of how financial statements can serve as the basis for value under the cost, income and market approaches.

Cost approach

Because the balance sheet identifies a company's assets and liabilities, it can be a good place to start the valuation process, especially for companies that rely heavily on tangible assets (such as manufacturers and real estate holding companies). Under U.S. Generally Accepted Accounting Principles (GAAP), assets are recorded at the lower of cost or market value. So, adjustments may be needed to align an item's book value with its fair market value.

For example, receivables may need to be adjusted for bad debts. Inventory may include obsolete or unsalable items. And contingent liabilities — such as pending lawsuits, environmental obligations and warranties — also must be accounted for.

Some items may be specifically excluded from a GAAP balance sheet, such as internally developed patents, brands and goodwill. Value derived under the cost approach generally omits intangible value, so this estimate can serve as a useful "floor" for a company's value. Appraisers typically use another technique to arrive at an appraisal that's inclusive of these intangibles.

Income approach

The income statement and statement of cash flows can provide additional insight into a company's value (including its intangibles). Under the income approach, expected future cash flows are converted to present value to determine how much investors will pay for a business interest.

Reported earnings may need to be adjusted for a variety of items. Examples of items that may require adjustments include depreciation rates, market-rate rents and discretionary spending, such as below-market owners' compensation or nonessential travel expenses.

A key ingredient under the income approach is the discount rate used to convert future cash flows to their net present value. Discount rates vary depending on an investment's

Please see [**How Financial Statements Can Be Used to Value Private Businesses**](#) on page 3

How Financial Statements Can Be Used to Value Private Businesses
from page 2

perceived risk in the marketplace. Financial statement footnotes can help evaluate a company's risks.

Market approach

The market approach derives value primarily from information taken from a company's income statement and statement of cash flow. Here, pricing multiples (such as price to operating cash flow or price to net income) are calculated based on sales of comparable public stocks or private companies.

When looking for comparables, it's essential to filter deals using relevant criteria, such as industrial classification codes, size and location. Adjustments may be required to account for differences in financial performance and to arrive at a cash-equivalent value, if comparable transactions include noncash terms and future payouts, such as earnouts or installment payments.

Independence and experience count

Business value is a critical metric, whether it's used for financial reporting, M&A, tax planning or litigation purposes. But never base a major decision on a do-it-yourself appraisal. Contact us for help calculating an estimate of value that you can count on.

~ IRS Corner



**IRS TAX TIP 2017-87: GET READY FOR TAXES –
PLAN AHEAD TO AVOID REFUND DELAYS**

Taxpayers can take steps to ensure smooth processing of their 2017 tax return next year. Here are three things taxpayers should know about the tax returns they will file next year.

1) It is important to gather documents~

The IRS urges all taxpayers to file a complete and accurate tax return by making sure they have all the needed documents before they file. This includes:

- Forms W-2 from employers.
- Forms 1099 from banks and other payers.
- Forms 1095-A from the Marketplace for those claiming the Premium Tax Credit.

Typically, these forms start arriving by mail in January. Taxpayers should check them over carefully, and if any of the information shown is wrong, contact the payer right away for a correction.

2) Taxpayers with expiring ITINs should renew promptly ~

Some people with an Individual Taxpayer Identification Number may need to renew it before the end of the year to avoid a refund delay and possible loss of key tax benefits. These ITINs expire Dec. 31, 2017:

- ITINs not used on a tax return in the past three years.
- ITINs with middle digits 70, 71, 72 or 80.

Anyone who needs to renew an ITIN should submit a completed Form W-7, Application for IRS Individual Taxpayer Identification Number. They should mail the Form W-7, along with original identification documents or copies certified by the issuing agency. Once an individual files a completed form, it typically takes about seven weeks to receive an ITIN assignment letter from the IRS.

3) Choose e-file and direct deposit for a faster refund ~

Electronically filing a tax return is the most accurate way to prepare and file. Errors delay refunds and the easiest way to avoid them is to e-file. Combining direct deposit with electronic filing is the fastest way for a taxpayer to get their refund. With direct deposit, a refund goes directly into a taxpayer's bank account.

There are several e-file options:

- IRS Free File.
- Volunteer Income Tax Assistance and Tax Counseling for the Elderly programs.
- Commercial tax preparation software.
- Tax professional.

Taxpayers should note that the IRS cannot by law issue refunds for people claiming the Earned Income Tax Credit or Additional Child Tax Credit before mid-February. This law helps make sure that taxpayers receive the refund they're due by giving the IRS more time to detect and prevent fraud.

The IRS expects the earliest refunds related to EITC and ACTC to be available in taxpayer bank accounts or debit cards starting on Feb. 27, 2018, if the taxpayer uses direct deposit and there are no other issues with their tax return. This additional period is due to several factors, including the Presidents Day holiday and banking and financial systems needing time to process deposits.

*“Setting Goals Is
The First Step In
Turning the Invisible Into
The Visible”*

~Tony Robbins



IRS TAX TIP 2017-90: TAXPAYERS SHOULD

PROTECT DATA ALL YEAR ROUND

With the online holiday shopping season in full swing, it's the perfect time for all taxpayers to take steps to protect their identities and personal data. This year, the IRS kicked off this annual event with National Tax Security Awareness Week. The IRS partnered with state tax agencies, the tax industry and other groups across the country to encourage all taxpayers to think about data protection.

While the week is over, information on these five topics remains relevant year-round:

Eight Steps to Keep Online Data Safe

Anyone with an online presence can do a few simple things to protect their identity and personal information. Following these eight steps can also help taxpayers protect their tax return and refund in 2018:

- Shop at familiar online retailers.
- Avoid unprotected Wi-Fi.
- Learn to recognize and avoid phishing emails that pose as a trusted source.
- Keep a secure machine.
- Use passwords that are strong, long and unique.
- Use multi-factor authentication when available.
- Sign up for account alerts.
- Encrypt sensitive data and protect it with a password.

Recognize Phishing Email Scams

The IRS reminds people to be on the lookout for new, sophisticated email phishing scams. These scams not only endanger someone's personal information, but they can also affect a taxpayer's refund in 2018. Even if an email is from a known source, people should use caution because cybercrooks are very good at mimicking trusted businesses, friends and family.

Five Steps Data Breach Victims Can Take

People who are the victim of a data breach should consider these five steps to help protect their sensitive information that can be used on a tax return:

- Determine what information the thieves compromised.
- Consider taking advantage of credit monitoring services offered to victims.
- Place a freeze on credit accounts to prevent access to credit records.
- Reset passwords on online accounts.
- Use multi-factor authentication when available.

Thieves Use W-2 Scam to get Employee Data

The IRS warns the nation's business, payroll and human resource communities about a growing W-2 email scam. Criminals use this scheme to gain access to W-2 and other sensitive tax information that employers have about their employees. The IRS recommends that all employers educate employees about this scheme, especially those in human resources and payroll departments.

Five Signs of Small Business Identity Theft

Business filers should be alert for signs of identity theft. They should contact the IRS if they experience any of these issues:

- The IRS rejects an e-filed return saying it already has one with that identification number.
- The IRS rejects an extension to file request saying it already has a return with that identification number.
- The filer receives an unexpected tax transcript.
- The filer receives an IRS notice that doesn't relate to anything they submitted.
- The filer doesn't receive expected or routine mailings from the IRS.

More information:

- Protection: Prevention, Detection and Victim Assistance
- Small Business Information Security: The Fundamentals – From the National Institute of Standards and Technology
- Resources for Small and Midsize Businesses – From the United States Computer Emergency Readiness Team
- Subscribe to IRS Tax Tips

*“All You Need Is the Plan,
The Road Map, And
The Courage to Press On
To Your Destination”*

~Earl Nightingale