THE VOS VOICE

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"Because Accounting Matters And We Know It"

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Inside This Issue

Letter from Our President

By Heather N. Vinas, President & COO

To Our esteemed Clients, Colleagues, Associates & Friends:

Ahhh, summertime is here. The time when children's laughter fills the air, the smell of BBQ circulates to catch the taste buds of anyone lucky enough to be close by, and the time when vacations are planned. It is also a time for reflecting. When we started off 2013, many family, friends, colleagues and clients would say…*this year is going to be a great one; I can feel it!* So as we are now half way through 2013, are you still on target for finishing up a strong year? Can your planning be viewed as "ahead of schedule"? Are there things you can do now to ensure you do finish out the year strong and where you envisioned being?

Planning involves a great deal of insight, research, discipline and resources. While most of us stay on track, there can be life circumstances that pull us off. That is why a half-way point provides us with the perfect opportunity to take a hard look into what our goals and plans were in the beginning of the year, and how we are positioned now to stay on target towards the successful completion by year end.

I hope you enjoy our newsletter as much as we enjoy preparing it for you. As always, if we can assist you or your clients please let us know.

~ Heather N. Vinas

Retaining Personal Financial Records

By GSCPA

Does looking at overflowing file cabinets of bank statements and boxes of old check stubs make you want to start a bonfire in your backyard? Before you grab the lighter fluid and matches, make sure you know what you can torch and what you need to keep.

"Clearing out your financial documents is a good process to go through every year," says Paula Mooney, CPA, CGMA and CFE, Chief Financial Officer of Bethany Home. "Post-tax season is an ideal time to do a paperwork purge. You can clear your file cabinet and your mind of unnecessary clutter. You will need to hang on to certain documents, especially as they pertain to your taxes. Create a system to keep and organize the important stuff and then you can get rid of the rest."

What You Should Keep and for How Long

Keep forever; these are documents that would be difficult to replace if lost.

- Income tax returns and payment checks
- Important correspondence
- Legal documents
- Vital records (birth / death / marriage / divorce / adoption / etc.)
- Retirement and pension records
- Investment trade confirmations and statements that indicate buying and selling
- Audit documents
- Trust documents

The Internal Revenue Service and many states can conduct an examination of your personal income tax return for three years following the filing of your income tax return. When a tax return is filed prior to the April 15 due date it is deemed filed on the due date. As an example, if a taxpayer filed their 2010 Form 1040 on March 1, 2011, the statute of limitations begins to run as of April 15, 2011, the original due date, and thus the three-year period expires April 15, 2014. If a taxpayer files a tax return on extension then the three-year clock begins ticking on the actual date of filing. The same time frame applies as far as a taxpayer filing an amended income tax return seeking a refund.

There are three situations where the three-year period is not applicable. First if it is determined that gross income was omitted from the tax return that exceeds 25 percent of the gross income reported the statute of limitations is increased to six years. Second if there is indication of fraud there is no statute of limitations. Finally, if a tax return is not filed the clock never begins to tick.

Keep for a Limited Time

- Mortgages/deeds/leases (keep six years beyond the agreement)
- Car records (keep until you sell the car)
- Credit card receipts (keep until you reconcile your credit card statement)
- ATM and deposit slips (keep until you reconcile your bank statement)
- Insurance policies (keep for life of policy)
- Pay stubs (keep until reconciled with your W-2)
- Property records/builder contracts/improvement receipts (keep until property sold)

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- Sales receipts (keep for life of warranty or life of the item on large purchases)
- Warranties and instructions (keep for life of product)
- Other bills (keep until the payment verified on the next bill)

Tips for Storage and Safety

Now that you know what you're keeping, decide where you want to keep it. Many people still keep paper files, but electronic records are becoming increasingly popular.

- Active vs. archive. Keep an active file that you can easily access for documents you'll need in the current year. Create an archive system for documents you need to keep for legal reasons, but don't need to access on a regular basis.
- Consider emergencies. This could include theft, fire, natural disaster, personal injury or even death. Consider keeping an "emergency kit" with your attorney or a trusted family member that contains copies of critical documents and records.
- Storing information. Documents that are irreplaceable should be protected in a safe deposit box, a fireproof safe, or backed up electronically to your computer and/or an external hard drive that is encrypted. You can also utilize cloud services.
- Buy a shredder. When you're ready to purge documents, don't let any legible information from your personal accounts end up in someone else's hands. Shred it for peace of mind.

What to Expect When You are Audited

By GSCPA

Most of us file and pay our taxes each year, and that's the only time we'll have any interaction with the Internal Revenue Service (IRS). However, statistics from the Treasury Inspector General for Tax Administration show that last year, 1.48 million taxpayers were invited to spend a little extra quality time with the IRS because they underwent an individual audit. While being selected for audit by the IRS can be nerve racking, experts say keeping calm and carrying on will help you navigate an audit.

"If you receive a notice that the IRS is going to audit you, don't panic," says Lisa Conti-Bacon, CPA, CGMA, Audit Manager Hancock Askew & Co,.LLP and member of The Georgia Society of CPAs' Financial Literacy Task Force. "There are simple ways to prepare yourself and your financial information to make the audit process go more smoothly. An audit doesn't have to be the traumatic experience everyone imagines it to be."

Greetings from the IRS

The IRS will notify you of an impending audit by telephone or snail mail. The IRS does not use email to contact taxpayers. And just because you get that call or letter, don't panic. If the IRS thinks you made a minor mistake, such as simple math errors, omitted items, transposed Social Security numbers, or if figures don't match W-2s, 1099s, or 1098s, the IRS may simply request a correction or explanation by mail.

The IRS will send you a notice advising you it has recalculated your tax. You may be asked to submit additional documentation to back up amounts reported on your return.

According to the IRS, paper requests or requests for more information rarely lead to full audits. Simply respond to the notice and send the requested documentation.

An In-Person Audit

The IRS may opt to conduct an in-person audit at your home or your representative's place of business. Audits can be random or can be triggered by something out of the ordinary on your return.

In most cases, the IRS will send you a notice requesting you to call and set up an appointment with an agent. Once the appointment is set, the agent handling your case will send you a letter advising you what documents they will need at review. Additional information may be requested at the time of audit or afterward.

Remember, while you may not have personally prepared your tax return, your signature means you are responsible for all of the information on the return.

There's no magic formula for determining who will be audited and who won't. Some returns are selected for audit through computer screening. The system scans for unexplained changes and variations from averages in your income bracket or zip code. When the computer finds a variance, the proverbial red flag goes up.

But sometimes, you're just selected randomly. It's the "luck" of the draw.

"Good leaders make people feel that they're at the very heart of things, not at the periphery. Everyone feels that he or she makes a difference to the success of the organization. When that happens people feel centered and that gives their work meaning." ~ Warren G. Bennis

Top Audit Tips

- Be timely. Respond promptly to the IRS, including answering requests and providing information.
- Be organized. Find out what information the IRS is requesting then collect and organize the data. The more prepared you are, the more smoothly the audit is likely to go. If you need extra time in gathering information, advise the IRS immediately.
- Be in the know. By law, the IRS has three years to audit your return. Even if your most recent return is the subject of the audit, be sure to go back over your records and familiarize yourself with the contents.
- Be quiet. Provide only the information requested. Period. Do not volunteer additional information. Discuss your audit only, and only answer the questions asked of you. Answer questions honestly, but briefly. Avoid small talk.
- Check their work. Carefully review any penalties for errors. The IRS makes math mistakes, too.
- Be stingy. Never give the IRS the only copy or the original of a document.

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- Don't sign too soon. Don't sign anything until you fully understand the document and agree with what it says. If you want to consult with your certified public accountant (CPA) prior to signing anything, you have that right. Obtain copies of information in their files or copies of anything that you sign.
- Know your rights. Don't be afraid to speak up if you need help. If you're in the middle of an audit and find that you are missing some documents or would like to speak with your CPA, you can stop the audit and reschedule it. And, if you experience conflict with the agent conducting the audit, you can ask to speak to his or her supervisor.
- Know your options. If and when the IRS agent presents you with a bill, you have the option to agree and sign the document, or disagree and request a hearing with an appeals officer. A CPA can help you decide what's best for you.

A CPA Can Help

If you are undergoing an IRS audit, consider working with a CPA. A CPA can help you prepare for and navigate the process and act as your representative with the IRS. A CPA will help you understand the process, explain what questions you will be asked and determine what documents you'll need to present. Being flagged for an audit underscores the importance of maintaining organized records all year, not just at tax time. Responding to the IRS in a timely manner, presenting organized information, and working closely with a CPA will help you approach your IRS audit with confidence.

IRS CORNER

IRS Fresh Start Program Helps Taxpayers Who Owe the IRS

IRS Tax Tip 2013-57

The IRS Fresh Start program makes it easier for taxpayers to pay back taxes and avoid tax liens. Even small business taxpayers may benefit from Fresh Start. Here are three important features of the Fresh Start program:

Tax Liens- The Fresh Start program increased the amount that taxpayers can owe before the IRS generally will file a Notice of Federal Tax Lien. That amount is now $10,000. However, in some cases, the IRS may still file a lien notice on amounts less than $10,000.

When a taxpayer meets certain requirements and pays off their tax debt, the IRS may now withdraw a filed Notice of Federal Tax Lien. Taxpayers must request this in writing using Form 12277, Application for Withdrawal.

Some taxpayers may qualify to have their lien notice withdrawn if they are paying their tax debt through a Direct Debit installment agreement. Taxpayers also need to request this in writing by using Form 12277.

If a taxpayer defaults on the Direct Debit Installment Agreement, the IRS may file a new Notice of Federal Tax Lien and resume collection actions.

Installment Agreements- The Fresh Start program expanded access to streamlined installment agreements. Now, individual taxpayers who owe up to $50,000 can pay through monthly direct debit payments for up to 72 months (six years). While the IRS generally will not need a financial statement, they may need some financial information from the taxpayer. The easiest way to apply for a payment plan is to use the Online Payment Agreement tool at IRS.gov. If you don't have Web access you may file Form 9465, Installment Agreement, to apply.

Taxpayers in need of installment agreements for tax debts more than $50,000 or longer than six years still need to provide the IRS with a financial statement. In these cases, the IRS may ask for one of two forms: either Collection Information Statement, Form 433-A or Form 433-F.

Offers in Compromise (OIC)- An Offer in Compromise is an agreement that allows taxpayers to settle their tax debt for less than the full amount. Fresh Start expanded and streamlined the OIC program. The IRS now has more flexibility when analyzing a taxpayer's ability to pay. This makes the offer program available to a larger group of taxpayers.

Generally, the IRS will accept an offer if it represents the most the agency can expect to collect within a reasonable period of time. The IRS will not accept an offer if it believes that the taxpayer can pay the amount owed in full as a lump sum or through a payment agreement. The IRS looks at several factors, including the taxpayer's income and assets, to make a decision regarding the taxpayer's ability to pay. Use the Offer in Compromise Pre-Qualifier tool on IRS.gov to see if you may be eligible for an OIC.

Tips to Start Planning Next Year's Tax Return

IRS Tax Tip 2013-62

For most taxpayers, the tax deadline has passed. But planning for next year can start now. The IRS reminds taxpayers that being organized and planning ahead can save time and money in 2014. Here are six things you can do now to make next April 15 easier.

1. **Adjust your withholding.** Each year, millions of American workers have far more taxes withheld from their pay than is required. Now is a good time to review your withholding to make the taxes withheld from your pay closer to the taxes you'll owe for this year. This is especially true if you normally get a large refund and you would like more money in your paycheck. If you owed tax when you filed, you may need to increase the federal

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income tax withheld from your wages. Use the IRS Withholding Calculator at IRS.gov to complete a new Form W-4, Employee's Withholding Allowance Certificate.

2. **Store your return in a safe place.** Put your 2012 tax return and supporting documents somewhere safe. If you need to refer to your return in the future, you'll know where to find it. For example, you may need a copy of your return when applying for a home loan or financial aid. You can also use it as a helpful guide for next year's return.

3. **Organize your records.** Establish one location where everyone in your household can put tax-related records during the year. This will avoid a scramble for misplaced mileage logs or charity receipts come tax time.

4. **Shop for a tax professional.** If you use a tax professional to help you with tax planning, start your search now. You'll have more time when you're not up against a deadline or anxious to receive your tax refund. Choose a tax professional wisely. You're ultimately responsible for the accuracy of your own return regardless of who prepares it. Find tips for choosing a preparer at IRS.gov.

5. **Consider itemizing deductions.** If you usually claim a standard deduction, you may be able to reduce your taxes if you itemize deductions instead. If your itemized deductions typically fall just below your standard deduction, you can 'bundle' your deductions. For example, an early or extra mortgage payment or property tax payment, or a planned donation to charity could equal some tax savings. See the Schedule A, Itemized Deductions, instructions for the list of items you can deduct. Planning an approach now that works best for you can pay off at tax time next year.

6. **Keep up with changes.** Find out about tax law changes, helpful tips and IRS announcements all year by subscribing to IRS Tax Tips through IRS.gov or IRS2Go, the mobile app from the IRS. The IRS issues tips regularly during the summer and tax filing season.

Keep the Child Care Credit in Mind for Summer

IRS Special Edition Tax Tip 2013-11

If you are a working parent or plan to look for work this summer, you may need to pay for the care of your child or children. These expenses may qualify for a tax credit that can reduce your federal income taxes. The Child and Dependent Care Tax Credit is available not only while school's out for summer, but also throughout the year.

Here are eight key points the IRS wants you to know about this credit.

1. You must pay for care so you – and your spouse if filing jointly – can work or actively look for work. Your spouse meets this test during any month they are full-time student, or physically or mentally incapable of self-care.

2. You must have earned income. Earned income includes earnings such as wages and self-employment. If you are married filing jointly, your spouse must also have earned income. There is an exception to this rule for a spouse who is full-time student or who is physically or mentally incapable of self-care.

3. You must pay for the care of one or more qualifying persons. Qualifying children under age 13 who you claim as a dependent meet this test. Your spouse or dependent who lived with you for more than half the year may meet this test if they are physically or mentally incapable of self-care.

4. You may qualify for the credit whether you pay for care at home, at a daycare facility outside the home or at a day camp. If you pay for care in your home, you may be a household employer. For more information, see Publication 926, Household Employer's Tax Guide.

5. The credit is a percentage of the qualified expenses you pay for the care of a qualifying person. It can be up to 35 percent of your expenses, depending on your income.

6. You may use up to $3,000 of the unreimbursed expenses you pay in a year for one qualifying person or $6,000 for two or more qualifying persons.

7. Expenses for overnight camps or summer school tutoring do not qualify. You cannot include the cost of care provided by your spouse or a person you can claim as your dependent. If you get dependent care benefits from your employer, special rules apply.

8. Keep your receipts and records to use when you file your 2013 tax return next year. Make sure to note the name, address and Social Security number or employer identification number of the care provider. You must report this information when you claim the credit on your return.

For more details about the rules to claim this credit, see Publication 503, Child and Dependent Care Expenses.

Things That Make You Go Hmmm…..

"A real decision is measured by the fact that you've taken a new action. If there's no action, you haven't truly decided."

~ Tony Robbins

6 Unique Ways to Be Successful and Happy

By Steven Tobak, Management Consultant

Tired of searching for the secret to a fulfilling career and a happy life? Look no further.

What if the key to becoming successful and happy is to quit trying to be either? Would that throw a wrench into your career goals? Make a mess of your life plans? If so, then you need to read this.

Here's the thing, never before have there been so many people spending so much time searching for the secrets to a successful career and a happy life. Which is really a shame because they're not going to find either, at least not that way.

There are lots of reasons why that is, but the most glaringly obvious one is that nobody ever got anywhere by doing what everyone else is doing. Think about it. The world has never been more competitive. If you want to have a fulfilling career and live a good life, you've got to get ahead of the competition. The only way to do that is to do things differently, to find your own unique path that works for you. Here are six ways to do that, to become successful and happy.

Build real relationships. What a novel concept, right? While everyone else is wasting their time developing their personal brands and building huge online networks, get out and spend time with real people in the real world, one-on-one in real time. That's the only place you'll find real opportunity and friendship. And that's where success and happiness comes from. No kidding.

Groom yourself. Want to know how great companies that churn out hundreds of future CEOs develop their talent? They identify and recruit up-and-comers and then groom them by moving them around into different areas and situations. That's how they learn a broad range of skills. Experience. Get out in the world. Try different things. Get your hands dirty. That's how you'll find opportunity and figure out what makes you happy.

Do nothing. So much of life is out of our control. We never seem to have enough information to solve tough problems and make important decisions. When you need to gain some perspective, resist the urge to seek out more information. Turn off all the sources of communication, all the noise that distracts you. Just be quiet and listen to your own inner thoughts. Don't judge them; just listen. The answers to life's most difficult challenges are always there.

Work for a great company. Everybody wants to be an entrepreneur these days. Here's a novel thought. Go work for a great company. Learn from people smarter, more accomplished, more experienced than you. Learn from the pros. Find a mentor or two. Learn how business works in the real world. Figure out how you can help that company be even better. What you can bring to the party that really matters and nobody else is doing. If you're meant to be an entrepreneur, an opportunity will come to you. And you'll be ready for it.

6 Ways to Enhance Your Credibility

By Geoffrey James of Inc.com

Your success in business is directly proportional to how quickly (and how well) you can establish credibility with your customers, investors, and colleagues. You won't succeed in business if nobody believes in you. Here's how to make certain they do.

1. Be genuine about who you really are.
The days are long gone when customers were impressed by an illustrious corporate name or a fancy job title. Customers are more likely to respect you if you present yourself as an individual rather than a plug-and-play "representative." The moment you pretend to be more (or other) than you really are, your credibility flies out the window. Be authentic, even if all you bring to the table is your enthusiasm.

2. Know the legitimate value of what you provide.
When you know--truly know--what you're products and services are worth, you're unafraid to communicate both the strengths and the limitations of your offering. You'll refuse to cave to unreasonable customer demands. You'll stick to your firm's policies and procedures, and explain to the customer why they make sense. You'll be strong and confident about what you can contribute, thereby creating credibility.

3. Have insights based on research and analysis.
Adding insights to a conversation automatically creates credibility. Insight comes from learning about a firm, the role it plays in the industry, and the customers that it serves. Insight is strengthened when you develop multiple contacts (and thus different perspectives) within the customer's firm. Remember: even the smartest CEO doesn't know *everything*, and as an outsider, you can bring a fresh perspective to old problems.

4. Listen actively, consider carefully, and respond succinctly.
People who have credibility don't feel the need to "prove it" all the time. Nothing says "I'm insecure and insincere" spouting pat answers to questions that haven't been asked. Therefore, when a customer speaks, listen with all your concentration, take a few seconds to consider what was said, and only then make a remark, ask another question, or tell a brief story to move the conversation along.

5. Never talk or write in "sales-speak."
The moment you sound like a salesperson, customers buttonhole you into the "empty suit" category. Whenever you communicate with customers, edit out everything that sounds like a sales pitch (e.g. "money back guarantee"), don't make unsubstantiated claims (e.g. "we have the highest quality"), and avoid marketing biz-blab (e.g. "reach out", "best practices"). Instead, clearly describe how your offering improves your customer's business.

6. Be a catalyst rather than a hero.
In the comics, heroes swoop in to save the day. In real life, would-be sales heroes fall flat on their faces. Credibility comes not from your heroic actions, but from your ability to "crystallize" problems and solutions. Even customers with a detailed list of requirements usually need a clearer understanding of their needs and how best to meet them. Doing so helps the customer to be the hero, which creates masses of credibility...for you.

In The News…………….

The Changing Tax Landscape –Get the most out of the Section 179 extension

Written by: Tom Wright

Enactment of the American Taxpayer Relief Act of 2012 extended tax benefits that can make a significant difference to a construction company's bottom line. In this still-challenging construction environment, that's a refreshing piece of news.

The law extends 50-percent bonus (first-year) depreciation for most property placed in service before 2014. It also extends for one year the election to accelerate alternative minimum tax credits in lieu of the depreciation bonus and permits construction companies using the percentage of completion method of accounting to benefit from the capital investment incentive.

The law also extends increased Section 179 expense levels of $500,000 with a $2 million beginning-of-phase-out amount to tax years beginning in 2012 or 2013. For tax years beginning after 2013, the maximum expensing amount will drop to $25,000, and the phase-out level will drop to $200,000.

Essentially, taxpayers can elect to treat the cost of any Section 179 property placed in service during the tax year as an expense and not capitalized, allowing a deduction for the tax year in which the property is placed in service. That is particularly important to contractors, who rely on expensive equipment more than many other industries.

To qualify for the Section 179 deduction, equipment must have been purchased or leased and placed in service in taxable years 2012 or 2013. Qualifying for the deduction are vehicles with a gross vehicle weight in excess of 6,000 pounds. Other qualifying equipment includes office machines, tangible personal property used in business, computers, off-the-shelf software, office furniture and property attached to a business that is not a structural component of the building.

The law extends the rule that treats off-the-shelf software as qualifying property through 2013. Any such software that is not custom designed and is available to the general public may qualify for Section 179 expensing. To qualify for the deduction, software must be financed or purchased outright by the contractor, be used in the contractor's business for income-producing activity, have a determinable useful life, be expected to last more than one year, be subject to a non-exclusive license and not have been substantially modified.

Qualifying software also must be designed to cause a computer to perform a specific function. A database or similar item is not considered computer software unless it is in the public domain and is incidental to the operation of otherwise qualifying software. In other words, if the core software is standardized, a small amount of customization is okay.

Equipment purchased for both business and personal use also qualifies. Typically, the deduction will be based on the percentage of time the equipment is used for business purposes.

Most of the equipment a contractor purchases, finances or leases qualifies for Section 179 expensing, regardless of whether it is new or used. Bonus depreciation, however, covers only new equipment.

Companies that lease their equipment may also take full advantage of the Section 179 deduction. In fact, leasing equipment or software with Section 179 expensing is a preferred financial strategy for many contractors because it can help with cash flow as well as profits.

With a non-tax capital lease, a contractor can acquire and write off up to $500,000 worth of equipment this year without actually spending that amount of money. Examples of non-tax capital leases include the $1 buyout lease and the 10-percent "purchase upon termination" lease. Contractors can obtain an equipment loan using an equipment finance agreement and still take the full Section 179 tax deduction.

Contractors can claim Section 179 deductions by their tax-return due date (including extensions) for the year in which they are claiming the deduction. Further, under Revenue Procedure 2008-54, contractors can amend their returns and elect Section 179 deductions without IRS consent if they did not do so for tax years beginning after 2007 through 2013.

A word of caution: Many states have chosen not to follow federal depreciation law. Bonus depreciation rules are different from state to state. Contractors who work across state lines should seek guidance from industry accountants.

Section 179 expensing rules can change each year without notice. To obtain full tax benefits from the law, contractors should meet with their accountants and tax advisers to make sure deductions are being properly claimed and reporting is accurate.

"Cherish your visions and your dreams as they are the children of your soul, the blueprints of your ultimate achievements."

~ Napoleon Hill

Meeting held for National Association of Women in Construction

By Alex Bender, *WTOC 11*

Women from all fields of construction met at the Exchange Tavern on Waters Monday night to talk about the future of Savannah, and the role women will play. The National Association of Women in Construction learned about the Savannah Economic Authority and the World Trade Center Savannah.

"The initiatives they are doing both internationally and locally is to bring in bigger companies to support local businesses and to have a residual effect for those local businesses and the local economy," said Heather Vinas, vice president, Georgia Chapter of NAWIC.

Brynn Grant, the chief operating officer for World Trade Center Savannah and the Savannah Economic Development Authority, was the keynote speaker.