THE VOS VOICE

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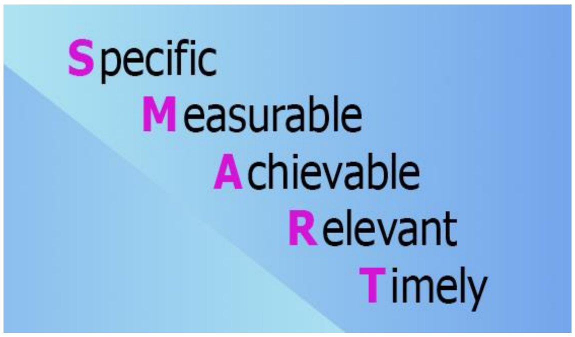
"BECAUSE ACCOUNTING MATTERS AND WE KNOW IT"

*VOS CPAs, PLLC 30 Wall Street, NY, NY 10005 * 80 Orville Drive, Bohemia, NY 11716 * 41 Park of Commerce Way, Savannah, GA 31405*
www.voscpas.com



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GET SMART WHEN IT COMES TO STRATEGIC PLANNING

Strategic planning is key to ensuring every company's long-term viability, and goal setting is an indispensable step toward fulfilling those plans. Unfortunately, businesses often don't accomplish their overall strategic plans because they are unable to fully reach the various goals necessary to get there.

If this scenario sounds all too familiar, trace your goals back to their origin. Those that are poorly conceived typically set up a company for failure. One solution is to follow the SMART approach.

Definitions to Work By

The SMART system was first introduced to the business world in the early 1980s. Although the acronym's letters have been associated with different meanings over the years, they're commonly defined as:

Specific. Goals must be precise. So, if your strategic plan includes growing the business, your goals must then explicitly state how you'll do so. For each goal, define the "5 Ws" — who, what, where, when and why.

Measurable. Setting goals is of little value if you can't easily assess your progress toward them. Pair each goal with one or more metrics to measure progress and success. This may mean increasing revenue by a certain percentage, expanding your customer base by winning a certain number of new accounts, or something else.

Achievable. Unrealistically aggressive goals can crush motivation. No one wants to put time and effort into something that's likely to fail. Ensure your goals can be accomplished, but don't make them too easy. The best ones are usually somewhat of a stretch but still doable. Rely on your own business experience and the feedback of your trusted managers to find the right balance.

Relevant. Let's say you identify a goal that you know you can achieve. Before locking it in, ask whether and how it will move your business forward. Again, goals should directly and clearly support your long-term strategic plan. Sometimes companies can be tempted by "low-hanging fruit" — goals that are easy to accomplish but lead nowhere.

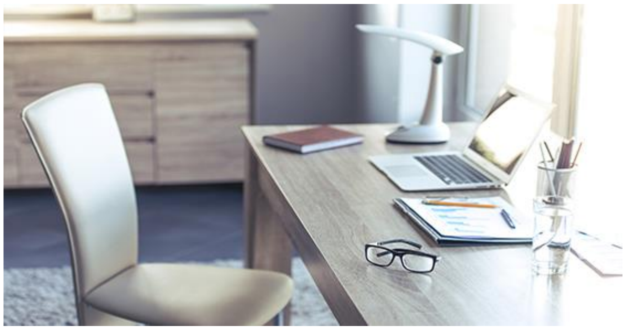
Timely. Assign each goal a deadline. Doing so will motivate those involved by creating a sense of urgency. Also, once you've established a deadline, work backwards and set periodic milestones to help everyone pace themselves toward the goal.

Eye On The Future

Strategic planning, and the goal setting that goes along with it, might seem like a waste of time. But even if your business is thriving now, it's important to keep an eye on the future. And that means long-term strategic planning that includes SMART goals. Our firm would be happy to explain further and offer other ideas.

Coming Together is a Beginning;
Keeping Together is Progress;
Working Together is Success.

-- Edward Everett Hale



Do You Qualify for the Home Office Deduction?

Under the Tax Cuts and Jobs Act, employees can no longer claim the home office deduction. If, however, you run a business from your home or are otherwise self-employed and use part of your home for business purposes, the home office deduction may still be available to you.

Home-Related Expenses

Homeowners know that they can claim itemized deductions for property tax and mortgage interest on their principal residences, subject to certain limits. Most other home-related expenses, such as utilities, insurance and repairs, aren't deductible.

But if you use part of your home for business purposes, you may be entitled to deduct a portion of these expenses, as well as depreciation. Or you might be able to claim the simplified home office deduction of $5 per square foot, up to 300 square feet ($1,500).

Regular and Exclusive Use

You might qualify for the home office deduction if part of your home is used as your principal place of business "regularly and exclusively," defined as follows:

1. Regular use. You use a specific area of your home for business on a regular basis. Incidental or occasional business use is not regular use.

2. Exclusive use. You use the specific area of your home only for business. It's not necessary for the space to be physically partitioned off. But, you don't meet the requirements if the area is used both for business and personal purposes, such as a home office that also serves as a guest bedroom.

Regular and exclusive business use of the space aren't, however, the only criteria.

Principal Place of Business

Your home office will qualify as your principal place of business if you 1) use the space exclusively and regularly for administrative or management activities of your business, and 2) don't have another fixed location where you conduct substantial administrative or management activities.

Examples of activities that are administrative or managerial in nature include:

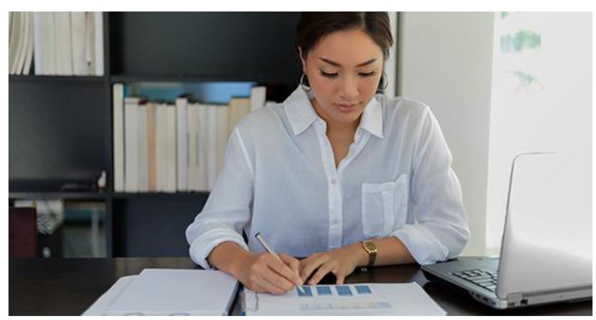
- Billing customers, clients or patients
- Keeping books and records
- Ordering supplies
- Setting up appointments
- Forwarding orders or writing reports
- Meetings or storage

If your home isn't your principal place of business, you may still be able to deduct home office expenses if you physically meet with patients, clients or customers on your premises. The use of your home must be substantial and integral to the business conducted.

Alternatively, you may be able to claim the home office deduction if you have a storage area in your home — or in a separate free-standing structure (such as a studio, workshop, garage or barn) — that's used exclusively and regularly for your business.

Valuable Tax-Savings

The home office deduction can provide a valuable tax-saving opportunity for business owners and other self-employed taxpayers who work from home. If you're not sure whether you qualify or if you have other questions, please contact us.



Auditing the Use of Estimates and Specialists

Complex accounting estimates — such as allowances for doubtful accounts, impairments of long-lived assets, and valuations of financial and nonfinancial assets — have been blamed for many high-profile accounting scams and financial restatements. Estimates generally involve some level of measurement uncertainty, and some may even require the use of outside specialists, such as appraisers or engineers.

As a result, examining estimates is a critical part of an audit. Companies that understand the audit process are better equipped to facilitate audit fieldwork and can

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communicate more effectively with their auditors. Here's what you need to know about auditing the use of estimates as we head into next audit season.

__Audit techniques__
Some estimates may be easily determinable, but many are inherently complex. Auditing standards generally provide the following three approaches for substantively testing accounting estimates and fair value measurements:

1. Testing management's process. Auditors evaluate the reasonableness and consistency of management's assumptions, as well as test whether the underlying data is complete, accurate and relevant.
2. Developing an independent estimate. Using management's assumptions (or alternate assumptions), auditors come up with an estimate to compare to what's reported on the internally prepared financial statements.
3. Reviewing subsequent events or transactions. The reasonableness of estimates can be gauged by looking at events or transactions that happen after the balance sheet date but before the date of the auditor's report.

When performing an audit, all three approaches might not necessarily be appropriate for every estimate. For each estimate, the auditor typically selects one or a combination of these approaches.

__Regulatory oversight__
Accounting estimates have been on the agenda of the Public Company Accounting Oversight Board (PCAOB) since it was established by Congress under the Sarbanes-Oxley Act of 2002. Although the leadership of PCAOB changed hands in early 2018, proposals to enhance the auditing standards for the use of accounting estimates and the work of specialists remain top priorities.

Earlier this summer, Chairman William Duhnke told the PCAOB's Standard Advisory Group (SAG) that he hopes to complete these projects in the coming months. The updated auditing standards would help reduce diversity in practice, provide more-specific direction and be better aligned with the risk assessment standards.

__Prepare for next audit season__
Improvements on the audit standards for the use of estimates and the work of specialists could be coming soon. As companies plan for next year's audit, they should contact their audit partners for the latest developments on the standards for auditing the use of estimates and specialists to determine what (if anything) has changed.

We can help you understand how estimates and specialists are used in the preparation of your company's financial statements and minimize the risk of financial misstatement.

Success Is Where Preparation and Opportunity Meet.

-- Bobby Unser

__BUSINESS DEDUCTIONS FOR MEAL, VEHICLE AND TRAVEL EXPENSES: DOCUMENT, DOCUMENT, DOCUMENT__
Meal, vehicle and travel expenses are common deductions for businesses, but if you don't properly document these expenses, you could find your deductions denied by the IRS.

__A Critical Requirement__
Subject to various rules and limits, business meal (generally 50%), vehicle and travel expenses may be deductible, whether you pay for the expenses directly or reimburse employees for them. Deductibility depends on a variety of factors, but generally the expenses must be "ordinary and necessary" and directly related to the business.

Proper documentation, however, is one of the most critical requirements. Moreover, all too often, when the IRS scrutinizes these deductions, taxpayers don't have the necessary documentation.

__What You Need To Do__
Following some simple steps can help ensure you have documentation that will pass muster with the IRS:

Keep receipts or similar documentation. You generally must have receipts, canceled checks or bills that show amounts and dates of business expenses. If you're deducting vehicle expenses using the standard mileage rate (54.5 cents for 2018), log business miles driven.

Track business purposes. Be sure to record the business purpose of each expense. This is especially important if on the surface an expense could appear to be a personal one. If the business purpose of an expense is clear from the surrounding circumstances, the IRS might not require a written explanation — but it's probably better to err on the

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on the side of caution and document the business purpose anyway.

Require employees to comply. If you reimburse employees for expenses, make sure they provide you with proper documentation. Also be aware that the reimbursements will be treated as taxable compensation to the employee (and subject to income tax and FICA withholding) unless you make them via an "accountable plan."

Don't re-create expense logs at year end or when you receive an IRS deficiency notice. Take a moment to record the details in a log or diary at the time of the event or soon after. The IRS considers timely kept records more reliable, plus it's easier to track expenses as you go than try to re-create a log later. For expense reimbursements, require employees to submit monthly expense reports (which is also generally a requirement for an accountable plan).

Addressing Uncertainty

You've probably heard that, under the Tax Cuts and Jobs Act, entertainment expenses are no longer deductible. There's some debate as to whether this includes business meals with actual or prospective clients. Until there's more certainty on that issue, it's a good idea to document these expenses. That way you'll have what you need to deduct them if Congress or the IRS provides clarification that these expenses are indeed still deductible.

For more information about what meal, vehicle and travel expenses are and aren't deductible — and how to properly document deductible expenses — please contact us.

~ *I R S Corner*

Internal Revenue Service
United States Department of the Treasury

IRS Tax Reform Tax Tip, September 2018
How and When to Pay Estimated Taxes

Certain taxpayers must make estimated tax payments throughout the year. Taxpayers must generally pay at least 90 percent of their taxes throughout the year through withholding, estimated tax payments or a combination of the two. If they don't, they may owe an estimated tax penalty. ***For tax-year 2018, the remaining estimated tax payment due dates are Sept. 17, 2018 and Jan. 15, 2019*.**

Estimated tax is the method used to pay tax on income that is not subject to withholding. This income includes earnings from self-employment, interest, dividends, rents, and alimony. Taxpayers who do not choose to have taxes withheld from other taxable income should also make estimated tax payments. This other income includes unemployment compensation and the taxable part of Social Security benefits.

The IRS urges everyone who works as an employee and who also earns or has income from other sources to perform a Paycheck Checkup now. Doing so will help avoid an unexpected year-end tax bill and possibly a penalty when the taxpayer files their 2018 tax return next year. They can do a checkup using the Withholding Calculator on IRS.gov.

Here are some things to know for taxpayers who make estimated payments :

- Taxpayers can pay their taxes throughout the year anytime. They must select the tax year and tax type or form when paying electronically.
- Filers paying by check should make it out to the "United States Treasury" and indicate the tax year and type of taxes they are paying.
- Taxpayers in presidentially-declared disaster areas may have more time to make these payments without penalty.
- For easy and secure ways to make estimated tax payments, use is IRS Direct Pay or the Electronic Federal Tax Payment System. IRS.gov/payments has information on all payment options.
- Taxpayers can find more information about tax withholding and estimated tax at the Pay As You Go page IRS.gov.
- Publication 505, Tax Withholding and Estimated Tax, is another resource for taxpayers. Publication 505 has worksheets and examples, which can help taxpayers determine whether they should pay estimated tax.