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# The VOS Voice

*"Because Accounting Matters And We Know It"*

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## 2019 Q4 Tax Calendar: Key Deadlines for Businesses and Other Employers

Here are some of the key tax-related deadlines affecting businesses and other employers during the fourth quarter of 2019. 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.

**October 15**

- If a calendar-year C corporation that filed an automatic six-month extension:
  - File a 2018 income tax return (Form 1120) and pay any tax, interest and penalties due.
  - Make contributions for 2018 to certain employer-sponsored retirement plans.

**October 31**

- Report income tax withholding and FICA taxes for third quarter 2019 (Form 941) and pay any tax due. (See exception below under "November 12.")

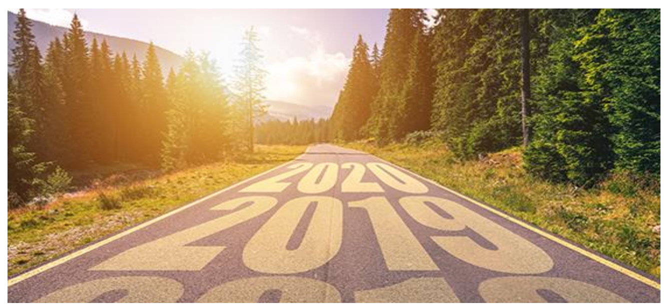
**November 12**

- Report income tax withholding and FICA taxes for third quarter 2019 (Form 941), if you deposited on time (and in full) all of the associated taxes due.

**December 16**

- If a calendar-year C corporation, pay the fourth installment of 2019 estimated income taxes.

***"Because Accounting Matters"***




## For Best Results, Start Your Strategic Planning Early

Time flies when you're having fun — and running a business. Although it's probably too early to start chilling a bottle of bubbly for New Year's Eve, it's certainly not too early for business owners to start doing some strategic planning for next year. Here are some ways to get started.

**Begin with your financials**

A good place to find inspiration for strategic objectives is your financial statements. They'll tell you whether you're excelling or struggling so you can decide how strategically ambitious or cautious to be in the coming year.

Use the numbers to look at key performance indicators such as gross profit, which tells you how much money you made after your production and selling costs were paid. It's calculated by subtracting the cost of goods sold from your total revenue. Also calculate current ratio, which is calculated by dividing current assets by current liabilities. It helps you gauge the strength of your cash flow.

**Examine other areas**

Human resources is another critical area of strategic planning. What was your employee turnover rate last year?

**Please see *For Best Results, Start Your Strategic Planning Early* on page 2**

***For Best Results, Start Your Strategic Planning Early*** **from page 1**

High turnover could be a sign of poor training, substandard management or low morale. Any of these problems could undercut the strategic objectives you set.

Examine sales and marketing, too. Did you meet your goals for new sales last year, as measured in both sales volume and number of new customers? Did you generate an adequate return on investment for your marketing dollars?

Finally, take a close look at your production and operations. Many companies track a metric called customer reject rate that measures the number of complete units rejected or returned by external customers. Sometimes a business must improve this rate before it moves forward with growth objectives. If yours is a service business, you should similarly track and assess customer satisfaction.

**Set new objectives**

With a review of your financials and key business areas complete, you can more reasonably set goals for next year under the banner of your strategic plan. On the financial side, for instance, your objective might be to boost gross profit from 20% to 30%. But how will you lower your costs or increase efficiency to make this goal a reality?

Or maybe you want to lower your employee turnover rate from 20% to 10%. What will you do differently from a training and management standpoint to keep your employees from jumping ship this year?

**Act now**

Don't let year end creep any closer without reviewing your business's recent performance. Then, use this data to set realistic goals for the coming year. We can help you choose the best metrics, crunch the numbers and put together a solid strategic plan.



## BUDGETING IS KEY TO A SUCCESSFUL START-UP

More than half of recent college graduates plan to start a business someday, according to the results of a survey published in August by the American Institute of Certified Public Accountants (AICPA). Unfortunately, the AICPA estimates that only half of new businesses survive the five-year mark, and only about one in three reach the 10-year mark.

What can you do to improve your start-up's odds of success? Comprehensive, realistic budgets can help entrepreneurs navigate the challenges that lie ahead.

**3 financial statements**

Many businesses base their budgets on the prior year's financial results. But start-ups lack historical financial statements, which can make budgeting difficult.

In your first year of operation, it's helpful to create an annual budget that forecasts all three financial statements on a monthly basis:

1. **The income statement**. Start your annual budget by estimating how much you expect to sell each month. Then estimate direct costs (such as materials, labor, sales tax and shipping) based on that sales volume. Many operating costs, such as rent, salaries and insurance, will be fixed over the short run.

Once you spread overhead costs over your sales, it's unlikely that you'll report a net profit in your first year of operation. Profitability takes time and hard work! Once you turn a profit, however, remember to save room in your budget for income taxes.

2. **The balance sheet**. To start generating revenue, you'll also need equipment and marketing materials (including a website). Other operating assets (like accounts receivable and inventory) typically move in tandem with revenue. How will you finance these assets? Entrepreneurs may invest personal funds, receive money from other investors or take out loans. These items fall under liabilities and equity on the balance sheet.

**Please see *Budgeting is Key to a Successful Start-Up* on page 3**

***Budgeting is Key to a Successful Start-Up*** **from page 2**

3. **The statement of cash flows**. This report tracks sources and uses of cash from operating, investing and financing activities. Essentially, it shows how your business will make ends meet each month. In addition to acquiring assets, start-ups need cash to cover fixed expenses each month.

By forecasting these statements on a monthly basis, you can identify when cash shortfalls, as well as seasonal peaks and troughs, are likely to occur.

**Reality check**

Budgeting isn't a static process. Each month, entrepreneurs must compare actual results to the budget — and then adjust the budget based on what they've learned. For instance, you may have under budgeted or over budgeted on some items and, thus, spent more or less than you anticipated.

Some variances may be the result of macroeconomic forces. For example, increased government regulation, new competition or an economic downturn can adversely affect your budget. Although these items may be outside of an entrepreneur's control, it's important to identify them early and develop a contingency plan before variances spiral out of control.

**Outside input**

An accounting professional can help your start-up put together a realistic budget based on industry benchmarks and demand for your products and services in the marketplace. A CPA-prepared budget can serve as more than just a management tool — it also can be presented to lenders and investors who want to know more about your start-up's operations - contact us for more information on how we can help you grow your business.


# ~ *I R S Corner*

**DO YOU OWE ESTIMATED TAXES?**

If so, don't miss the Sept. 16 due date for the third installment of 2019 federal taxes due. Those who have taxable income that isn't subject to withholding, such as self-employed individuals, retirees, investors and some who are involved in the "gig" economy, may need to pay quarterly estimated taxes. Those who pay taxes through withholding but also receive self-employment income, such as from a side job, can use the IRS "Tax Withholding Estimator" tool. This tool will determine the right amount of tax to have withheld from their paycheck and possibly allow them to avoid making estimated payments.

**EMPLOYERS SHOULD KEEP USING THE CURRENT VERSION OF FORM I-9.** The U.S. Citizenship and Immigration Services (USCIS) has advised employers to continue using the current form, even though it expired on Aug. 31. All employers in the U.S. must complete a Form I-9 for each person, citizen or noncitizen, hired to work in the U.S. The form is used to verify the identity and work authorizations of individuals who are newly hired. Earlier this year, the USCIS invited public comments on its proposal to extend the use of the current form. The USCIS says it will provide information on the new version of Form I-9 as it becomes available.

## SCHOOL'S BACK IN SESSION

For many parents and students in higher education, that means school bills are also back. To help offset those costs, eligible taxpayers who are footing the bills may be able to reduce the tax owed on next year's tax returns by taking advantage of one of two available tax credits. One is the American Opportunity Tax Credit, which is worth up to $2,500 and is partially refundable (which means that, even if the credit reduces the tax owed to zero, part of the credit can be refunded). The other option is the Lifetime Learning Credit, worth up to $2,000 per year, per tax return, no matter how many students qualify. Contact us to learn more.


## DO YOU HAVE TAX QUESTIONS?

You may be wondering about the options for paying your bill, as well as possible penalties. Or perhaps you're wondering if you have an outstanding balance with the IRS. Taxpayer questions never end. You can find answers by visiting an IRS Web page called "Let Us Help You." (You can always contact us, too!) Topics include payment options (such as direct bank account payments or the use of a debit or credit card); what to do if you can't pay in full; and how to view your balance and payments. In addition, you can find information about liens and levies and how to seek dispute resolution through the Office of Appeals.

*"Success usually comes to those who are too busy to be looking for it."*

*-- Henry David Thoreau*


## FINAL REGS: FIRST-YEAR DEPRECIATION

The IRS has issued final regs on the 100% additional first-year depreciation deduction. It allows businesses to write off most depreciable business assets in the year they're placed in service. Changes from the regs proposed in August include qualified improvement property, leasehold improvement property, restaurant property, and retail improvement property. A taxpayer may choose to apply the final regs, in their entirety, to qualified property acquired and placed in service after Sept. 27, 2017, in tax years ending on or after Sept. 28, 2017. Proposed regs on additional first-year depreciation also have been issued. Contact us to maximize depreciation deductions for your business.

*"Make your life a master-piece; Imagine no limitations on what you can be, have or do."*

*--Brian Tracy*


## ACCRUAL METHOD TAX PAYERS

The IRS has proposed regulations on the "tax year of income" inclusion for certain accrual method taxpayers. The proposed regs reflect changes to Sec. 451(b) made by the Tax Cuts and Jobs Act. They amended the section to provide that, for accrual-method taxpayers, the "all events" test for any gross income item isn't treated as met any later than when the item is included in revenue for financial accounting purposes on an applicable financial statement (AFS) or other IRS-specified financial statements. The amendments didn't change the time for when income, subject to the test, is taken into income for accrual method taxpayers with no AFS or other specified financial statement.