

Spring/Summer 2011

Audit Watch:

We are seeing an increasing number of audits and expect more. As a small business person, you can expect a sales & use tax audit, unemployment tax audit, and/or an income tax audit by Internal Revenue and/or Minnesota Revenue. These are happening all across the nation. All governmental agencies are out looking for additional revenue.

What does this mean? It is no longer a matter of “if” you get audited but rather “when”. As your accounting and tax professional, we have been charged by our licensing agencies to require you to provide more documentation. The days of simply adding receipts to report your expenses are quickly ending. The IRS is requiring that you have books and records if you are a business. For many, that can be achieved by using our accounting services to create them or using a computer program such as QuickBooks. This also means you need mileage logs and Corporate Minutes if you are incorporated. We will be discussing these with you as we move thru 2011.

Independent Contractors:

Misclassifying employees and independent contractors can become a costly issue if a government auditor finds discrepancies in the classification. There are a few factors to consider when classifying someone as an employee versus an independent contractor such as who has control over the services being performed, would breach of contract or termination be an issue, who dictates the value of the services, are any “investments” furnished by the firm or by the worker such as car or equipment, and who controls the premise where the services are performed. We can help you in determining these classifications if there is question.

Key Figures:

2011 Mileage Rates

Business	\$0.51
Charitable	\$0.14
Medical & Moving	\$0.19

2011 Deferral Amounts

Traditional or Roth IRA	\$5,000
if age 50 or older	\$6,000
401(k) and 403(b) Salary Deferral Contribution	\$16,500
if age 50 or older	\$22,000
SEP-IRA Account Contribution	\$49,000
Defined Contribution Plans:	
Profit Sharing and Money Purchase	\$49,000
if age 50 or older with 401(k) contribution	\$54,500
SIMPLE IRA Salary Deferral	\$11,500
if age 50 or older	\$14,000

Richard A. Gwizdala, ** Registered Representative

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Referrals:

We appreciate being able to work with you in your business. If you know anyone who could benefit from our services, we would like to send them our newsletter. Please let us know.

Thank you for your business.

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