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Quarterly Planning.....

- What does this mean?
 - Intel/Apple
 - Our year begins May 1
 - Review Tax Issues: Salary – Estimated Taxes – Strategies
 - Review Business Issues: HR – Building – New Owner
 - Meet with our Clients 3x's between May and December
 - Let the Tax Return fall out from the Planning
 - Take away the Worry & Wonder

Incorporation - Key Discussion Areas:

- Asset/Liability issues
- Audit Risk
- Sole Proprietor vs. S-Corporation
- Corporate Issues
- Corporate Taxes and Costs



Asset/Liability issues:

- Corporate Assets Could Include:
 - Desks, computers, furniture, chairs and vehicles
- Personal Assets Could Include:
 - Residence, rentals, commercial property, savings and investments
- Make sure:
 - You have an adequate amount of business insurance
 - Talk with an attorney regarding liability issues

Reduced Audit Risk:

■ IRS Broken Down Into Different Divisions

- Individual tax division

Sole Proprietors

- Unreported income

- Personal expenses

Recoup taxes twice

- Regular tax (most are in 25% tax bracket)

- Self-employment tax (taxed @ 15.3% of business profit)

- Corporate tax division

- Fortune 500 companies

- Quality vs. Quantity

Sole Proprietor vs. S-Corporation

- Sole Proprietor
 - Taxed at 15.3% plus individual tax rates
 - Small in eyes of general public
 - Limbo (commingling of personal & business)
- S-Corporation
 - Taxed at 1.5% plus individual tax rates
 - Assumed to be large company even if not
 - Must have a better accounting system (QuickBooks®)
 - File balance sheet & profit and loss statement with corporate return
 - Look better to bank for loans/financing

Corporate Issues:

- Owner Paid by Salary and Other Income (Draws)
- Reasonable Compensation
 - Around since 1959, this is the only major issue dealing with S-Corporations
- Annual Board of Directors Meeting & Minutes
- Retirement Plans Available
 - No employees = Uni-K (\$19K a year + 25% company match of salary) {6K Catchup}
 - Employees = Simple IRA (\$13K a year + 3% company match of salary) {3K Catchup}

Board of Directors (Who are they?)

■ Attorney

- Talk with 1-2 X's (As needed)
- Annual Minutes – Leases – New Owners – LLC (Building)

■ Banker

- Talk with 2-4 X's a Year
- Loan Consolidation – LOC Renewal – Future Needs

■ CPA

- Talk with 3-4 X's a Year
- Salary – Tax Strategies – Review of Accounting – Estimates

■ Financial Advisor

- Talk with 2-4 X's a Year
- Review of Investments – Review of Plan Type - Retirement

Tax/Biz Points.....

- Sec 179/Bonus Depreciation (Managing the Deduction)
- QBID (\$315,000 MFJ/\$157,500)
- Managing Passive Losses
- Vehicles (New Law 3k-10k/5k-16k/3k-9k/2k-5k)
- ADA Credit
- Training Grants
- Theft (Review Checks, Credit Card & Bank Statements and Credits & Discounts)
- What Debt should be paid first

Other Tidbits.....

- Disability Insurance Rider
- Deduct Life Insurance Premium when it is Bank Required
- Prepayment Penalties are Tax Deductible as Interest Expense
- Pay Spouse and Fund Retirement
- Pay Child (First 12K & Fund Roth IRA for College)
- Back door Roth IRA Contributions
- HSA Contributions and Reimbursements
- Spouse/Family Member as an Officer of the Corporation