

THE FINANCIAL EDGE

March 2019



LIFE IN THE FAST LANE - OR NOT

Personal comments by Mary

Earlier this year I was caught in a car chase. I was minding my own business, going home on a Friday night when I notice flashing lights about a block behind me.

I pulled over to the side. A truck passed me and another car came flying down the road almost hitting my back bumper. It then sped around me and had nowhere to go.

The driver stopped and did a flying U-turn. The police car came dashing down the hill right alongside my car and sharply turned left – crashing into the car it was chasing. The car jumped the curb, slowly crawling as the driver jumped out of the car and ran.

The police officer chased him down and hit him with a taser gun. The passenger then jumped

out of the car and ran in the opposite direction. About this time, I slowly pulled away and finished my drive home. Later I found out that they caught the two men who stole a car. They had their time in the fast lane and then it stopped!

At times life zooms by. I seem to miss February and March every year. I accomplish a lot, but my focus is so narrow that I miss a lot. Then on April 15, tax day, my energy is gone and I slowly limp along.

Over the years, I have learned to take vacation. I don't accomplish anything being in the office.

Sometimes it makes sense to be in the fast lane. Progress is made. For me it is hard to sustain that level of speed.

Mary Guldán-Lindström



“When you’re engaged in what you love to do, it’s like driving in the fast lane. Time flies by and more roads open up to you, alternate routes you may not have even known existed.”

By T. Harv eker, author of the Secrets of the Millionaire Mind



“I enjoy working with Mary because she at least has you prepared for tax day. Even though you may not enjoy sending checks into Washington DC, you at least know what to expect. There aren't any surprises on the last day. You can formulate a plan to make sure you have enough cash available to send in without losing sleep over the pending tax bill.”

Darin Spindler,
Owner of Heartland
Pizza Company

**YOUR REFERRALS ARE
APPRECIATED AND WILL BE
TREATED WITH UTMOST CARE!**

THE BOOK REVIEW

TITLE: The Ultimate Operations Machine

AUTHOR: Andy Churchill

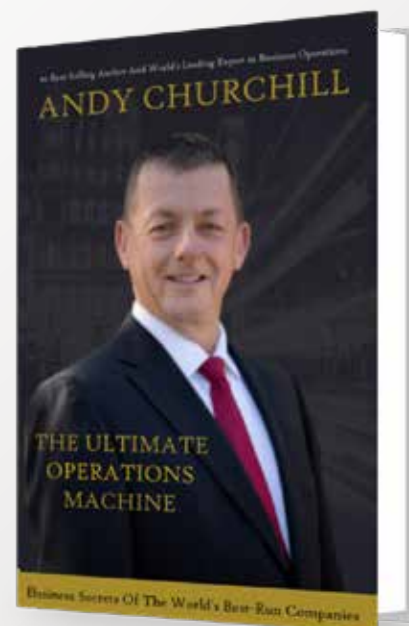
TOPIC: Business Systems

EASY TO READ: \$\$\$\$ (5 out of 5 dollars)

APPLICABLE TO SMALL BUSINESS: \$\$\$ (3 out of 5 dollars)

Summary: Andy provides a high-level guide to improve a business's operational results. Eleven chapters of easy to read, harder to implement processes and evaluations for a business team to achieve consistent results with fewer issues.

My recommendation: The Author provides questionnaires for you to take to assess your current situation, along with a generic guide to improve your situation. The book provided enough information to believe in the process. It is written to encourage you to hire him. I like the process that he presented thus in May I plan to apply his process and see if there is enough here for a do-it-yourselfer.



Pages: 134 | Published: 2017

THE IRS 2019 “DIRTY DOZEN” SCAMS

On March 21, 2019, the Internal Revenue Service issued its annual “Dirty Dozen” list of tax scams with a warning to taxpayers to remain vigilant about these aggressive and evolving schemes throughout the year.

HERE IS A RECAP OF THIS YEAR’S “DIRTY DOZEN” SCAMS:

PHISHING: Be alert for fake emails or websites looking to steal personal information. The IRS will never initiate contact with taxpayers via email about a bill or tax refund.

PHONE SCAMS: Phone calls impersonating IRS agents remain an ongoing threat to taxpayers. You will get a letter first if there is an issue.

IDENTITY THEFT: Taxpayers should be alert to tactics aimed at stealing their identities, not just during the tax filing season, but all year long.

RETURN PREPARER FRAUD: Be on the lookout for unscrupulous return preparers. The vast majority of tax professionals provide honest, high-quality service.

FAKE CHARITIES: Be wary of charities with names similar to familiar or nationally-known organizations. For a complete list go to www.irs.gov/charities-non-profits/tax-exempt-organization-search. Go to www.guidestar.org to learn more about a charity before you give.

FALSIFYING INCOME TO CLAIM CREDITS: Taxpayers should file the most accurate tax return possible because they are legally responsible for what is on their return.

INFLATED REFUND CLAIMS: Taxpayers should take note of anyone promising inflated tax refunds.

EXCESSIVE CLAIMS FOR BUSINESS CREDITS: Avoid improperly claiming the fuel tax credit, a tax benefit limited to off-highway business use. Taxpayers should also avoid misuse of the research credit.

FALSELY PADDING DEDUCTIONS ON RETURNS: Taxpayers should avoid the temptation to overstating deductions, such as charitable contributions and business expenses, or improperly claiming credits, such as the Earned Income Tax Credit or Child Tax Credit.

FRIVOLOUS TAX ARGUMENTS: The penalty for filing a frivolous tax return is \$5,000.

ABUSIVE TAX SHELTERS: The IRS is committed to stopping complex tax avoidance schemes and the people who create and sell them. When in doubt, seek an independent opinion regarding complex products that are offered.

OFFSHORE TAX AVOIDANCE: People involved in offshore tax avoidance are best served by coming in voluntarily and getting caught up on their tax-filing responsibilities.



HOW TO STAY OUT OF TAX TROUBLE

BEST TAX PRACTICES FOR SMALL BUSINESSES

By Mary Guldán-Lindstrom CPA

KEEP PERSONAL SEPARATE FROM BUSINESS – Create a separate checking account, use a separate credit card, separate PayPal account, etc. By keeping it all in only one account it simplifies the recording and strengthens your position with the IRS. They may keep out of your personal stuff.

DOCUMENTATION - Keep customer invoices, deposit detail, vendor invoices, detailed credit card receipts, online receipts and bank statements for at least 4 years. Bank statements and credit card statements alone do not meet IRS standards. If you amend your return you may need to keep 7 years. To reduce space and maintain the integrity of the print on credit card receipts, scan your documents.

SOFTWARE - Invest in a good software accounting system. It will save time and provide support for your tax return.

FIXED ASSETS - For equipment used in the business, keep documentation on how much you paid, description of what you purchased and the date you placed it in service until 3 years after you dispose of the item.

CASH AND BARTER TRANSACTIONS. They count. The IRS has ways to determine if you are under reporting your income. If you pay cash for something – take a picture, keep the ad – document it.

LABOR - Make sure that all “independent contractors” meet the IRS criteria. If you pay more than \$600 a year, report what you paid them on an annual information form 1099misc. Hire a payroll processor to insure compliance and prevent tax penalties.

BUSINESS USE OF VEHICLE – Always keep detailed records on your business mileage and total mileage on your personal or business-owned vehicle, noting business miles to where and business reason and total mileage for each month. You have the option of using actual costs or a standard mileage rate.

CUSTOMER MEALS – Document who you met with and business reason on the detailed receipt that specially lists the date, amount and what was included. A credit card receipt for the total will not meet the documentation required. Only 50% is tax deductible.

ENTERTAINMENT – Tickets to a ball game, golfing fees and fishing jaunts are no longer deductible. Meals associated may be if separately invoiced.

HOME OFFICE – Space must be exclusively, used regularly and connected with a profitable business to be tax deductible.

SALES & USE TAX – Whether you collect it or not you will be responsible for it.

This is a basic guideline. Each taxpayer should seek independent advice from a tax professional based on their individual situation. The burden of proof is on you, not the IRS. Be Informed - Ask questions, be curious and become familiar with the tax rules surrounding your business. Ignorance will not avoid IRS penalties. You are ultimately responsible.

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Would you like a free Kringle from Uncle Mike's Bakery Shoppe? Just encourage a small business owner to set up a free discovery meeting with Mary at Focus CPA Inc. and we will send you a gift card for a free award winning and mouthwatering Kringle of your choice.

We are accepting new clients this tax season! A referral is the best compliment that we can receive.

920-351-4841

-- or --

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DID YOU KNOW... FUN CREATIVITY TEST

How creative are you? The questions aren't difficult, and the answers are found below.

1. How do you put a giraffe into a refrigerator?

Open the refrigerator, take out the giraffe, put in the elephant and close the door. This question tests whether you tend to do simple things in an overly complicated way.

3. The Lion King is hosting an animal conference, all the animals attend except one. Which animal does not attend?

The Elephant. The Elephant is in the refrigerator. This tests your memory. OK, even if you did not answer the first three questions, correctly you can surely answer this one.

2. How do you put an elephant into a refrigerator?

Open the refrigerator, take out the giraffe, put in the elephant and close the door. This tests your ability to think through the repercussions of your actions.

4. There is a river you must cross. But it is inhabited by crocodiles. How do you manage it?

You swim across. All the crocodiles are attending the Animal Meeting! This tests whether you learn quickly from your mistakes.

How did you fair? According to Accenture, around 90% of the professionals they tested got all questions wrong. However, many preschoolers got several correct answers. Why? Pre-schoolers still use their natural creativity while the business professionals have "learned" to think logically, to over complicate issues and see problems using previously learned mental models.

From www.creativityatwork.com, among other sites.



THE BOOK REVIEW: THE ULTIMATE OPERATIONS MACHINE

Andy provides a high-level guide to improve a business's operational results. Eleven chapters of easy to read,



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"Improving the lives of small business owners" FOCUS\$|CPA Inc