

GARRY L. ALBERT, CPA, P.C.

Certified Public Accountants and Consultants

*A Professional Corporation*

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88 Inverness Circle East, Suite N-108 Englewood, Colorado 80112  
Telephone: 303.683.7171 Facsimile: 303.683.5458 Email: galbert@albertcpa.com

**YEAR-END TAX REMINDERS – 2016**

As 2016 nears the end, it's time to start thinking about taxes again. I look forward to working with you this year on your year-end tax returns.

- Have you reviewed your tax situation to ensure that you are only paying your fair share?
- Have you paid enough throughout the year to avoid penalties?

If we have not already discussed your tax situation or if you are unsure about your taxes, please call my office at **(303) 683-7171**.

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**Tax Deadlines**

**December 31** – Fourth quarter Colorado individual income tax estimate must be paid to be deductible in 2016. If you have AMT, or think you may, you may need to consult on this strategy. The normal due date is January 15, 2017.

**December 31** – Physical inventory should be taken to accurately reflect cost of goods sold expenses.

**December 31** – Year-end bonuses to corporate owners must be paid to be deductible, simply accruing them is not acceptable.

**December 31** – Cash basis taxpayers must pay all expenses for them to be deductible in 2016. Try to defer billings and cash receipts into 2016, unless..... your total income is over \$250,000 (married) or \$200,000 (single). Then it may make sense to do the reverse due to the expected higher tax rates in 2017.

**December 31** – Accrual basis taxpayers must prepare accounts receivable and accounts payable listings.

**January 15** – Fourth quarter Federal and State individual income tax estimates due.

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### **W-2 Data**

***The IRS will access a \$150.00 penalty per form that has missing or incorrect information.*** Therefore, if I prepare your payroll, let me know **prior to year-end** of any employee address changes for W-2 processing. We will not have time to meet the January 31<sup>st</sup> deadline if we need to scramble for this data. Of course, if you use an outside payroll service, I do not need this information, but your payroll service does. Be sure to review your tax withholding for 2017 by completing a form W-4. Also offer the W-4 to your employees too. You can also use the IRS W-4 calculator at [www.irs.gov](http://www.irs.gov) (go to “more online tools”).

### **1099 Data**

***The IRS will access penalties per form that has missing or incorrect information.*** For 1099 reporting, I will need social security numbers or tax identification numbers, mailing addresses, and names for all vendors (non-corporations) that you will pay more than \$600.00 in 2016. **I will need this information prior to year-end in order to process your 1099's in a timely manner.** I can then use these names to obtain the amounts that they were paid in 2016 per your books. **Note** – The IRS requires that all attorneys regardless of their business form (includes corporations) must receive a 1099. Please provide me the name, address, and tax identification number for all attorneys you paid in 2016.

Also, if you loaned money to your business in 2016, a 1099-INT may be required. If I do not already have these amounts from you, I will need all amounts loaned to the business and all repayments made to you in 2016.

### **QuickBooks “State Unemployment Tax Rates”**

If you use QuickBooks for your payroll, be sure to change your state unemployment tax rate before you run your first payroll in 2017. You will receive a letter from the Colorado Department of Labor that will indicate your 2016 rate. If you have not already, please forward me a copy of the letter.

### **Sales Tax**

Be aware of state sales tax rates that may change effective 1/1/17. Please be aware of city, county and local sales tax rate changes too. I will do my best to alert you of any changes. If there are any changes, you need to charge the new rate as of 1/1/17.

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### **Personal Use of Company Auto**

For corporations, the value of any personal use of a Company vehicle (**auto is registered and titled in the corporation's name**), by both owners and non-owner employees must either be reimbursed to the Company or considered part of the employee's wages. This

"bonus" amount must be recorded in payroll by December 31, 2016, and appropriate taxes withheld. *We suggest that the amount be calculated based on through November 30, 2016 (this is ~~acceptable to the~~ <sup>personal mileage</sup> IRS).*

I have enclosed the form (and it is on my website too) you need to **fill out for each auto and return to me by December 18, 2016**. You can fax it to (303) 683-5458 or email scan it. If necessary, I will then calculate the amount of gross wages to be shown on the W-2 for personal use of a Company vehicle. *(Note, if you own the vehicle personally, you don't need to complete the form. I will get this information from you when I do your personal tax return).*

If you use an outside payroll service for payroll processing, these amounts must be included in your regular payroll run or you will incur an extra payroll-processing fee. Most payroll services need this information no later than December 20th. **Call them and check!**

### **Owner's Health, Life and Disability Insurance**

S corporations must include amounts paid for health, disability or life insurance for any 2% or greater owner as income on W-2's. If your company provides term life insurance over \$50,000 to you or your employees, please inform me. If you use an outside payroll service for payroll processing, these amounts must be included in your regular payroll run or you will incur an extra payroll-processing fee. Most payroll services need this information no later than December 20<sup>th</sup>. **Call them and check!**

### **Fixed Asset Purchases**

Businesses can elect to expense up to \$500,000 of the depreciable personal property purchased in 2016 (new or used). If you are considering a purchase in the near future, you may want to accelerate the purchase into 2016 rather than wait until 2017. Check with me if you are not sure whether you have exceeded the limit for 2016.

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**Mileage Reimbursement**

The rate for mileage reimbursement is 54 cents per mile for 2016. The 2017 rate has not been announced yet.

**Incorporating Your Business**

If you are a sole proprietor or partnership, there may be tax savings available to you if you incorporate your business. If I have not already discussed this with you, we should do so prior to December 31, 2016.

**Website**

**Please visit my web site at [www.albertcpa.com](http://www.albertcpa.com) for more information about my services and for my 2015-2016 TAX TIPS and Tax Letters for individuals and businesses.**

I would appreciate your passing on the site address to any of your friends or acquaintances that are in need of accounting, tax or financial planning services.

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Through careful planning, it is likely that your tax liability can be significantly reduced. Effective tax planning, however, requires a disciplined process of evaluating your changing tax situation and available tax planning alternatives. I stand ready to assist you in this planning process in any way that I can.

***Remember: "A failure to plan is a plan to fail." (Anonymous.)***

I look forward to hearing from you soon. As always, contact me at (303) 683-7171 if you have any questions.

Best Regards,



Garry L. Albert, CPA