

GARRY L. ALBERT, CPA, P.C.

Certified Public Accountants and Consultants

A Professional Corporation

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YEAR-END TAX REMINDERS – 2020

As 2020 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 email me at galbert@albertcpa.com or call my office at **(303) 683-7171**.

Tax Deadlines

December 31 – Fourth quarter Colorado individual income tax estimate must be paid to be deductible in 2020. If you have AMT, or think you may, you may need to consult on this strategy. The normal due date is January 15, 2021.

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 2020. Try to defer billings and cash receipts into 2021.

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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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, 2020, and appropriate taxes withheld. We suggest that the amount be calculated based on usage thru 11/30/20.

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 15, 2020**. 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 20th. **Call them and check!**

Fixed Asset Purchases

Businesses can elect to expense depreciable personal property purchased in 2020 (new or used). If you are considering a purchase in the near future, you may want to accelerate the purchase into 2020 rather than wait until 2021. Check with me if you are not sure whether you have exceeded the limit for 2020.

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Mileage Reimbursement

The rate for mileage reimbursement is 57.5 cents per mile for 2020. The 2021 rate is not 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, 2020.

Website

Please visit my web site at www.albertcpa.com for more information about my services and for my 2020-2021 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