

SHOEMAKE TAX NEWS

DECEMBER 2007

2008 BUSINESS LETTER

www.shoemakecpa.com

YEAR-END TAX MOVES FOR BUSINESSES

Now is the time to get distracted by the holiday chaos. Time is rapidly running out on your chance to make some savvy tax-saving moves that could slash thousands of dollars of your 2007 tax bill. Time to drop the fruitcake and listen up!

Some Ideas:

It is important as part of your year-end tax strategy to have a good understanding of your company's financial situation. Spend extra time ensuring your books are up-to-date and accurate.

Change deductible business expenses on credit cards before year end. That way you will create 2007 tax write-offs even though the actual credit-card bills won't be paid until 2008.

Cut checks before year-end to pay other deductible expenses. You can claim 2007 deductions even though the checks might not be cashed or deposited until early next year.

On the income side of the equation, consider deferring some of your billings until right at the end of the year. That way, you'll be paid and taxed next year instead of the year. Remember that you should never defer billings when there is any chance that would decreased your odds of collecting the money due.

APPOINTMENT

As 2007 comes to a close it is the time to compile your business tax information. To economize on your corporate tax preparation fee, please make an appointment to see Nancy once you have the

entire business data ready to Year End. For most of you this will mean waiting for bank statements which will arrive in January. Please schedule this appointment for your S-Corp, Corporation or Partnerships/LLC separate from your personal tax return appointment. **This year, we are taking business appointments from January 2nd to January 25th SOLELY for business returns.** Please anticipate a two hour meeting so all questions and concerns can be covered.



WHAT TO BRING

BUSINESS INCOME AND EXPENSES; please have



complete information including income and expenses organized by category, copies of 941 forms along with wages detail paid to officers and employees, fixed assets purchased, distributions,

and Federal, and State(s) taxes paid during the year and a copy of your December "Year End" bank statement(s). We need the amounts printed and/or electronic data either from a software report format, Excel spread sheet or summarized on a piece of paper indicating dates and to whom it was paid.

BOOKKEEPING; if you use a software program such as QuickBooks, please bring a copy of your data file on CD and a hardcopy of the BALANCE SHEET and the PROFIT AND LOSS STATEMENT. If you want our office to finish your bookkeeping we charge \$135 per hour. Please advise prior to your appointment if you would like to engage these services.

QUICKBOOKS

If you are bringing your QuickBooks data to your appointment please:

- 1) Save it as a backup copy only (not accountants copy)
- 2) Burn it on a CD/DVD (we prefer a CD/DVD) and write the date, your company name and password on the disk surface.
- 3) When your business taxes are complete we will provide a printed copy of the adjusting entries and you can enter these as journal entries to update your QuickBooks data.

EXPIRING TAX BREAKS

Unless Congress extends them, this year will be the last chance for businesses to take advantage of certain tax breaks set to expire for the 2007 tax year such as:

QUALIFIED LEASEHOLD AND RESTAURANT IMPROVEMENTS; for property placed in service before 2008, qualified leasehold improvements and qualified restaurants can be deducted over a 15 year period (in lieu of 39 years) using the straight-line depreciation method.

QUALIFIED ENVIRONMENTAL REMEDIATION COSTS; taxpayers can elect to treat qualified environmental remediation expenses paid or incurred before 2008, that would otherwise be chargeable to a capital account, as deductible in the year paid or incurred.

CONTRIBUTIONS OF FOOD, BOOKS OR COMPUTER TECHNOLOGY; businesses may take an enhanced deduction of contribution of food and books through 2007. C corporations may also take an enhanced deduction for contributions of computer technology or equipment donated to schools or libraries before 2008.

RESEARCH CREDIT; the incremental research credit may be claimed for increases in qualified business related, research expenditures and for increases in payments to universities and other qualified organizations for basic research. Research funded by a person other than the taxpayer is not eligible for this credit. The credit may not be claimed for expenses paid or incurred after December 31, 2007, but credits from previous years may be carried forward.

IMPORTANT DOCUMENTS TO KEEP

MILEAGE LOGS; need to record date, miles driven, business purpose and client name. Also you need to record the odometer reading as of Jan 1st, 2007 and Dec. 31st, 2007. If you need to estimate, refer to your automobile service records.

EQUIPMENT DEPRECIATION; equipment to be depreciated must be titled under the business name. This includes vehicles that are used for business. If your business purchased a vehicle from you or someone else, make sure the ownership is transferred, so it is retitled under the business name.

QUARTERLY TAX RETURNS; if we are not doing your Quarterly returns (941 payroll tax and MN withholding and unemployment) please bring your copies of what you or your payroll service prepared, along with dates and amounts you paid to whom (i.e. Federal IRS, Minnesota Revenue, etc.)

CORPORATE DOCUMENTS; LLCs and S-Corporations are required to have the following documents along with their initial incorporation or organizational documents:

LLC (PARTNERSHIP)

- Operating agreement
- Notice of LLC meeting
- Minutes of LLC meeting
- Log of name, address and initial capital contribution of each member

S-CORPORATION

- Pre-incorporation agreement

- Minutes of action of incorporator taken without a meeting by written consent. This can approve the bylaws and appoint directors.
- Bylaws
- Minutes of first meeting of board of directors. This should include election of officers and their initial salaries.
- If there is more than one shareholder, a shareholders agreement
- Notices of directors meetings
- Minutes of directors meetings
- Notices of shareholders meetings
- Minutes of shareholders meetings
- Log of stock issued
- Stock certificates

CORPORATE DOCUMENT RESOURCES

Hire an attorney or you can also do it yourself by just doing a little research at your local library or on the web. Corporate Documents are easier to put together than they look at first glance. See resource links below.

You can also purchase kits. Some of the below references provide resources for kits or samples of these documents. Note: we do not endorse any of these products; merely point you in a direction where to start.

After your documents are complete keep them secure in a binder. The only thing you will need to maintain annually is the Notice of Meeting and Minutes.

www.bizfilings.com, nice web site to find everything you need. Check this out for more details or phone 1-800-981-7183.

www.mycorporation.com

www.rulesonline.com Robert's Rules of Order (for meetings)

www.corporatepublishingcompany.com

www.aallnet.org (Minnesota Association of Law Libraries)



NANCY L SHOEMAKE CPA PA

1020 E 146th St Ste 220

Burnsville, MN 55337

tel: (952) 953-4841

fax: (952) 997-6649

email: info@shoemakecpa.com

Due to the volume of email we receive please reference ("SHOEMAKE" and your "BUSINESS NAME") in the email subject line.