

## December 2012 Monthly Newsletter

### Note these December tax deadlines

- December 17 – Due date for calendar-year corporations to pay the last installment of 2012 estimated income tax.
- December 31 – Deadline to complete 2012 tax-free gifts of up to \$13,000 per recipient.
- December 31 – Deadline for paying expenses you want to be able to deduct on your 2012 income tax return.
- December 31 – Deadline for taking 2012 required minimum distributions (RMDs).

### IRS gives tax relief to hurricane victims

Victims of Hurricane Sandy may be entitled to some tax relief, according to an announcement by the IRS. Certain tax filing and payment deadlines from late October on will be extended until February 1, 2013. This includes the final 2012 estimated tax payment normally due January 15, 2013 and payroll and excise taxes normally due October 31, 2012, and January 31, 2013.

The relief applies to taxpayers in the disaster area and those outside the area whose records and/or tax professional are located in the disaster area. Workers assisting in hurricane relief activities conducted by recognized government or philanthropic organizations may also qualify. For more information, contact our office, call IRS toll-free disaster assistance at 1-866-562-5227, or visit [www.disasterassistance.gov](http://www.disasterassistance.gov).

### Get a head start on your 1099 reporting

January is always a busy month for companies. You're trying to get business off to a good start in the new year, you're trying to close the books on last year, and there's 1099 reporting to complete by month-end.

There are several variations of the information returns known as Form 1099. Most are specific to certain industries. But nearly every company, large or small, has to issue Form 1099-MISC. And you have to send it to recipients by January 31, 2013.

In many businesses, it becomes a late-January panic. There's a scramble to find out who needs to receive the form, their current address, and their taxpayer ID number. But if you're smart, you can get a head start on that before year-end.

You use Form 1099-MISC to report miscellaneous payments to non-employees. This includes fees for services paid to independent contractors, such as consultants, Web designers, accountants, lawyers, and others. If you pay fees to your outside directors, they should be on the list. Generally, you don't report fees paid to corporations, but there are exceptions. For example, you must report payments to all law firms, incorporated or not.

You obviously won't know the dollar amount to report until after year-end. But you can start to assemble the list of recipients, verify whether they're a corporation, and obtain their taxpayer ID information. Ideally you would have a process to collect this information when a new contract is signed. But if not, December is a perfect time to do the ground work. Then you might have one less crash project at the end of January.

Contact our office if you need more information on your 1099 reporting requirements.

### **IRS issues consumer fraud alert**

The IRS is warning people to be aware of fraud connected with Hurricane Sandy. As is usually the case following a natural disaster, scam artists are impersonating charities to get money or financial information from those wanting to help victims of the storm. The scammers contact people by phone, social media, e-mail, or in person. To avoid falling for a scam, donate only to recognized charities, and avoid those with names that are similar to real charities. Do not give personal information to those seeking contributions, and don't give cash donations. Contributions by check or credit card provide greater security as well as a record for tax purposes.

### **Focus on your strengths to improve profits**

The conventional response to today's lackluster economy is to focus on cutting business costs. That's good advice up to a point, but eventually paring down becomes counter-productive. Once you're done, you're still stalled in the same economic doldrums.

Rather than restricting your strategy to cost-cutting, try playing to your strengths. What product, service, or other customer benefit do you offer that goes beyond the norm? Think about ways to build upon and expand that benefit, and then communicate it to current and prospective customers. If nothing you offer is out of the ordinary, improve your services or offer a new service that nobody else provides.

What makes you stand out? Look at your firm through your customers' eyes. Why do they do business with you instead of your competitors? Is it the exceptional quality of your products or services, lower prices, peripheral services (such as delivery), your helpful and knowledgeable staff, a convenient location, or some combination of these reasons? Even if you think you already know the answer, double check with your customers. Ask what they like about doing business with you and what additional features or changes would enhance the relationship.

Play to your strengths. Once you've identified your customers' wishes and preferences, focus on your strengths. Discontinue products or services that are indistinguishable from everyone else's or that generate more problems than profits. Instead, emphasize or expand your existing areas of excellence. Promote activities that enhance productivity and/or reduce bureaucracy.

### **Thanks! We appreciate you**

Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also, thank you for recommending us to your family, friends, and associates. We appreciate your referrals.

Warmest wishes for a happy holiday season and a prosperous new year!

This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.