

Taxing Solutions

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CERTIFIED PUBLIC ACCOUNTANT, S.C.

Business and Tax Advisors

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a periodic newsletter for the clients and friends of George H. Herro, CPA, S.C.

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Monday, Tuesday, Thursday
9:00 a.m. - 4:00 p.m.

Wednesday
9:00 a.m. - 2:00 p.m.

Friday
9:00 a.m. - Noon

MEQUON Office:
By appointment only

Important Dates to Remember

September 15, 2016
▪ 3Q16 Individual federal & state estimated tax payments due
▪ Fiscal Year 6/30/16 corporation returns due

October 15, 2016
▪ Extended 2015 Individual tax returns due

FROM GEORGE'S DESK

Happy Summer everyone! We hope all of you are well and enjoying the year so far. A lot is happening to our world lately; stressed financial markets as England voted to leave the European Union, troubling Middle East conflicts and unrest here in the U.S. As our lives continue to rush forward with no signs of slowing down, we need to stop and *smell the roses* and be grateful for what we have.

As for me, I try to do something I enjoy each day. I review my bucket list to see what I can accomplish and I try not to let a day go by without giving a friendly smile to a stranger, checking in with a friend or saying "I love you" to a family member.

This is a great year. Enjoy the summer!



THIS PAST TAX SEASON

Every year we track how the season has gone. We look at trends, issues and concerns and then discuss them with our staff and you. Here is a short list:

1. **Identity theft** was REDUCED this year. Some of that could have come from an increase of security measures by both the IRS and State. People are more conscious of this issue and are doing a better job protecting their personal data.
2. We found an increase in the amount of **educational credits** taken this year. More clients also took advantage of contributing to the State's Edvest program. Please save records on what you've paid.
3. **Information reporting** for clients that sold stock or securities this year continues to improve. Broker reports show dividends reinvested and any stock splits during the year. These year-end reports also help us reduce the burden of figuring your cost basis of securities sold during the year.
4. Making **non cash donations** such as Goodwill are important to the organization and to you too. Please document items donated, determine a value and take their receipts when you drop off the items. Take photos. We do not know what you donated and a "same as last year" doesn't work anymore.
5. **Proof of health insurance.** This is the second year that the Affordable Care Act has mandated increased reporting. Many employers delayed providing the 1095-C to workers to help with this documentation. Next year will be no exception. Some returns were delayed from being processed due to the lack of this form.
6. **Strategic Alliance, CPA.** You might have noticed this name on the bottom of your tax returns. About three years ago, we formed a group to jointly purchase tax software and share resources. Only the name on the bottom of your return has changed.
7. We had a record year of **new clients!** Many thanks to those of you who have referred us to a friend or family member. It is nice to know we are doing a good job and are worthy of your referrals.

All in all, we feel that the season went pretty smoothly. How was your experience? Please let me know.

IDENTITY THEFT

It impacts all of us, all of the time and is on everyone's mind. Here are some ideas we have accumulated to help you.

- Make sure the anti-virus software on your computers are up to date.
- Keep your records safe by shredding documents no longer needed.
- Do not respond to people posing as IRS agents via phone or email. The IRS and State only initiate communication through the mail. Contact the Treasury Inspector General at 800-366-4484 to report any calls or emails you receive.
- Do not click on an external link from an email sent to you from someone that you do not know.
- Change your passwords regularly and create strong ones by using capitalization, numbers and symbols.
- Log out (EXIT) of any website when finished, especially when you conduct financial transactions online.
- Use only secure, trusted Wi-Fi networks when purchasing anything online.
- Check bank and credit card statements monthly for anything that looks funny.
- Review and update your FREE credit report annually for incorrect data/information.
- For business owners or operators, contact your insurance agent to investigate if you need *Cyber Liability with Data Breach* coverage.

YOU & YOUR BUSINESS

We like to keep you informed of various items that impact your business during the year. The following topics should be used to strengthen your business.

1. For those using a vehicle for business, please keep a good mileage log. We will continue to ask to see this log as it is your support of the deduction.
2. The Department of Labor's definition of an **employee** was announced last year and the IRS continues to litigate cases involving **independent contractors**. We feel the government is under a lot of pressure to collect revenue and one way they can drive money into the Treasury is by challenging those businesses that use independent contractors vs treating them as an employee.
3. The Affordable Care Act (ACA) continues to create problems. Employers must pay workers overtime if their salary is under \$47,476, effective 12/1/16. You should review your pay schedule to make sure you are compliant. For more information, visit www.dol.gov/whd/overtime/final2016.
4. If your business offers a medical reimbursement plan or pays for part or all of an employee's health insurance, please check with your insurance agent to make sure your plan is compliant. ACA laws imposes stiff penalties when not compliant.
5. Let us know ASAP when you get a letter from the IRS or State. We are happy to review it and let you know what to do.

Let us know if you have any questions regarding these and other issues.

PLANNING CORNER

Yearly financial planning comes in many forms. Strategizing to minimize taxes is not the only thing you should consider during the year. We need to look at certain life events like getting married, having a new child or death in the family. You might have lost or changed jobs, or retired during the year. All of these issues are very important items to track and review.

But there are also other items to consider. Is your will and power of attorney documents up to date? Do you have a central list showing various accounts, and other vital information? Does your personal representative or power of attorney know where these important documents are located? Do you need to plan for an aging parent? These are just a few items that are part of estate planning. Make good notes and contact a trusted advisor. For years we have surrounded ourselves with professionals in various areas to help our clients. So let us know if you need their contact information.

FIRM NEWS

Our founding member of our team, Victor, turned 80 this year. He still enjoys coming to work and providing his input, but has decreased his hours. As a result of these changes, we have been rearranging work flow and responsibilities. To help with this transition, we have been slowly incorporating our colleague Karl Ayer into our business. He is a well-respected CPA in our circles and we feel he will be a great addition to our team. We know that you will enjoy working with him.

We continue to meet existing and new clients at our **Mequon office**. Please let me know if you would like to see me there for an appointment. We are located inside Partnership Bank on Port Washington Road.

Do you know someone who could use our help? We are always looking for new clients and know the best ones come from you. We appreciate your recommendations and confidence in us. Have a question, concern or comment? Let us know. We enjoy serving you!