

Tax Talk

A Service of:
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EXTENSIONS – Please note we will not be filing automatic extensions for our clients in the future. We have done so as a convenience in the past, but will discontinue that practice. You must contact us if you need an extension for your company or your personal tax return.

FINAL DEADLINE – The final deadline for filing a company tax return is Sept. 15 and an individual return is due Oct. 15. If you have not yet provided your information, please get it to us as quickly as possible.

Proverb 31:10-12 “A wife of noble character who can find? She is worth far more than rubies. Her husband has full confidence in her and lacks nothing of value. She brings him good, not harm, all the days of her life.”

COMFORT LETTERS – Many people obtain or refinance mortgages every month. Those that own their business may be asked to provide a “comfort letter” from their CPA. I have provided these in the past, but I am discontinuing that practice immediately. A recent risk seminar I attended discussed the problems that a CPA may face in the event of a default by the client.

Ecclesiastes 4:9 “Two are better than one, because they have a good return for their work”. My grandma said that didn’t apply to boys as two boys produced only half the work.

SCAMS CONTINUE – The IRS continues to warn of scam artists trying to make a quick buck by impersonating IRS agents. You may receive a telephone call

stating that the IRS is about to file a lawsuit or send local law enforcement to arrest you. These are scams.

The IRS will always notify you of issues by mail. An issue almost never goes to court and you would have reams of paper and notices from the IRS before the court date.

The IRS also has its own Criminal Investigation Division which is empowered to make arrests in cases like tax fraud or embezzlement of taxpayer funds. They also have access to federal law enforcement for the major criminal cases.

Abigail Adams wrote to a friend, “A patriot without religion is as great a paradox as an

honest Man without the fear of God. Is it possible that he whom no moral obligations bind, can have any real Good Will toward Men?"

TAX REGULATIONS –

As the Presidential candidates slug it out, there is always talk about tax cuts. While tax rates are historically low, the cost of federal and state regulations is growing every day and costing all of us.

The US tax code is twice as long as it was in 1985 and nearly six times more than in 1955. It totals about 7.7 million words of tax regulations and 60,000 pages of tax-related case law. We will spend 8.9 billion hours this year in compliance which is equivalent to \$409 billion or 4.3 million jobs.

I estimate that small businesses spend 20% of their payroll costs on compliance. This can be higher or lower depending on the industry. A payroll of \$100,000 would generate \$20,000 of

compliance costs which are passed on to the customers.

Thomas Jefferson, in addition to his duties as President, chaired the school board of the District of Columbia. He selected the Bible and Isaac Watts' Psalms, Hymns and Spiritual Songs, 1707, as the principal texts to train young minds to read. You will remember Isaac Watts for something else – a hymn call "Joy to the World".

CONTRACTORS VS EMPLOYEES – This is a difficult area for small businesses. Using a contractor may seem easier because you don't have payroll taxes and forms, but it can be a trap if you have an accident and someone is hurt. It can be a disaster if a tax agency gets involved and reclassifies payments as wages and assesses taxes, penalties and interest. Penalties could be assessed for failure to file, failure to pay and late payment. Avoid the triple whammy and call us for an appointment.

Proverbs 2:12 "Wisdom will save you from the ways of wicked men, from men whose words are perverse, who leave the straight paths to walk in dark ways, who delight in doing wrong and rejoice in the perverseness of evil"

WHO IS YOUR TAX PREPARER? Anyone can hang out a shingle as a tax preparer in Oklahoma. There are three categories to choose from. The first are those with little or no training. The second are those certified by the IRS as either a return preparer or an enrolled agent with required training and some continuing education every year. The third level includes CPAs, PAs & tax attorneys that typically have completed 5 years of college, passed a rigorous examination and take an average of 40 hours per year in continuing education.