

ROUTE 422 BUSINESS TAX PLANNING AND PREPARATION SERVICES GUIDE

New Tax Savings for Your Business



By **Anthony Mazzo**
A. Mazzo Accounting
Services

There's good news if you've purchased depreciable property

for your business in 2018!

The Tax Cuts and Jobs Act (TCJA), which has reduced taxes across the board, has several new mechanisms to reduce taxes paid by small businesses that will be applicable for the upcoming tax filing season.

One of these mechanisms is depreciation.

Businesses have always been able to deduct the cost of tangible property placed into service with their business, over the useful life of the property.

There are positive changes effecting three types of tax depreciation, let's examine each type individually.

Section 179: The maximum amount a business can expense increases to \$1 million. The phase-out threshold amount increases to \$2.5 million. This means you can now deduct 100% of the cost of fixed assets placed into service in 2018, up to \$1 million. For amounts over \$1 million a partial deduction is available up to a phase out of \$3.5 million. Also, if the business has a loss in 2018 it can't use any of the section 179 depreciation in the current year, but this amount is carried over to the subsequent tax year.

And, the definition of what type of property qualifies for section 179 depreciation to include certain improvements to nonresidential real property placed in service after the date such property was first placed in service.

Bonus Depreciation: This amount has increased from 50% of the cost of property placed into service to 100% in 2018. Also, Bonus depreciation is available for both new and used properties. The only caveats to this is the property in question must be used at least 50% of the time for business and it must not be purchased from a related party.

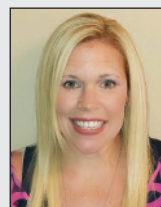
Vehicle Depreciation: The cap placed on depreciation deductions for business-use vehicles has increased. The new higher limits apply to vehicles placed in service after 12/31/17 and meet certain criteria.

The information and examples in this article should not be considered tax advice. The new tax law is complex, and every business situation is unique.

To learn more about tax issues for both individuals and business, check out Tony's Tips on www.amazzoaccounting.com. Also, should you have any questions about this article, don't hesitate to give us a call at 610.775.9216.

Anthony Mazzo is owner of A Mazzo Accounting located in Kenhorst, PA. Tony assists many businesses with their accounting needs including payroll, bookkeeping and tax preparation. They also assist individuals with their tax preparation.

Behind Exciting Long-Term Business Growth is a Boring Bookkeeper...



By **Beth Breslow**,
Breslow's Bookkeeping
Business

The end of the year is a busy time for many reasons. Holidays, travel plans, and family visits consume most of our days starting in November through January 1. But as a small business owner, there is even more you have to handle at the end of the year.

Right now is the time of year when your business really needs your attention, especially in regards to accounting. Doing so not only helps you close out the current year on a high note, but it also sets you up for starting off the next year on the right foot.

Is your business on par with the following accounting tasks?

• **Monthly bank, credit card and loan reconciliations** — For the year-end, it is important to make sure what you show on your financial statements matches up with your bank and credit card accounts and your year-end statements.

• **Reconcile your accounts receivable and accounts payable** — There is a tendency to forget to collect on your invoices if you do not use invoicing software. Without a good collection system like Quickbooks, you may be missing out on money you are owed.

• **Gather and Organize Your Receipts** — It is important to gather and organize your business-related receipts. A shoebox full of receipts is the last thing your CPA wants to see. There are many apps available to download, which will simplify this.

• **Check Payroll** — A few common areas to watch out if you're worried about end of year accounting are withholding taxes for fringe benefits, deferred compensation, and end of year bonuses.

• **Collect W-9s** — Did you use vendors this year? If so, you will have to collect W-9 forms for some of them. The W-9 form can be used as a paper trail for the IRS to track your expenses.

For every vendor that you have spent \$600 or more for services, you are required by law to issue and complete a 1099 form. The 1099 must be filled out and sent to the IRS by January 31st.

• **Take Physical Inventory** — For some of you, there is no need to take physical inventory. For others, getting an accurate account of your inventory is important. You will want to match it with your end of year balance sheet. It will also be helpful for your bookkeeper, especially to know how much you have spent on inventory throughout the year and its current value.

If the above-mentioned tasks are a foreign language to you, or if you know that there is not enough time in the day to tackle this checklist, call Breslow's Bookkeeping Business at 215.272.5217 today; email: bethbreslow@gmail.com; and visit: www.breslowbookkeeping.com.

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