

**ROBERT C. ROWLAND, CPA**  
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December 15, 2014

Dear Business Tax Clients:

With the end of the year rapidly approaching and as you take these next few weeks to gather up your annual business information, please use the helpful steps below as a guide to ensure we have another year of proper filings together:

1. Inventory: December 31<sup>st</sup> is an appropriate time to **take a physical inventory** (valued at wholesale or market, if lower) of all the items you hold for resale.
2. Business Vehicle: Prior to December 31<sup>st</sup>, the business should reimburse the business owner or any employee for the business portion or miles for any vehicle owned personally. **For 2014 the rate was \$56.0 cents per mile. For 2015 the mileage rate is \$57.5 cents per mile.**

However, if the vehicle is owned by the company and the employee (including the business owner) uses the vehicle to some extent for personal mileage (including commuting to and from work); the employee must either reimburse the company for the personal use or include the amount of personal use on the employee's W-2 Form. Making the calculation of business or personal use can be complicated so please do not hesitate to give our office a call if we can be of assistance.

In either case business vehicle should be supported by a mileage log.



Helpful Tip (2015): Mileage can now be easily recorded with mobile solutions. For iPhone users, **Mileage App: Falcon Expenses** can auto-track tax deductible mileage expenses that can be submitted to anyone via PDF or Spreadsheet format. For additional information, watch the follow demo video: <http://youtu.be/3-rAePzXtaI>.

**Mileage App: Mile IQ** is another option too.

3. Nonemployee – Form 1099: It will be necessary to prepare and give 1099 Forms to those whom have provided services to you or your business during 2014 and of whom are not considered “employees.” Similar to prior periods, there are several exemptions to this rule:
  - a. No 1099 is required for services rendered by a Corporation and
  - b. No 1099 is required if services rendered totaled less than \$600.00

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Note: However, this minimum \$600.00 will not apply to legal fees, thus a 1099 Form must be issued to any lawyer of law firm who provided you services **regardless of the amount OR whether they are a corporation.**

If you wish Rowland Alexander to assist you in preparing these forms please **provide them with the names, addresses, social security numbers (or FEIN's), and total of services rendered for 2014** for all outside services no later than **January 15<sup>th</sup>**.

For those working in QuickBooks®, this may be as easy as following these steps:

- ☉ Click on the "Vendor" Icon located at the top of your Home Page
- ☉ Scroll down and click on "Print/E-File 1099s..."
- ☉ A separate window will pop up and you will want to click on Option 3: "1099 Summary Report"
- ☉ Enter in the tax period through December 31, 2014 and a report will generate which should reflect all the information the office will need.

4. Fixed Assets: The IRS has recognized depreciating items with a cost of less than \$500.00 each require an unreasonable amount of paperwork and it is more efficient to write the items off as supplies. To document such an election please type out the following, sign and put into your permanent file (or send to me to put in the corporate book):

*" I (President/Partner/Member/Owner of \_\_\_\_\_ (name of business) hereby elect to treat the purchase of any item of furniture, fixture, or equipment with a cost of less than \$500.00 as a supply expense rather than capitalize and depreciate that item. This election is effective January 1, 2014. \_\_\_\_\_ (Signature) and Date: \_\_\_\_\_ "*

For owners with two or more businesses, please be sure to create one for each entity as applicable.

Also, attached to your last year's tax return you will find your 2013 Depreciation Schedule of your fixed assets. **Please review the depreciation schedule and let us know if any of the items have been sold or otherwise need to be removed from the schedule.**

5. Corporate Filing Date: The filing date for corporate tax returns is generally March 15<sup>th</sup>. **Please get us your corporate accounting records on or before February 21<sup>st</sup> to ensure filing takes place on time. There is a penalty for late filing in the amount of \$195.00 per month the return is late per S Corporate Shareholder. If you need an extension, please give me a call. However, that extension is only good until September 15<sup>th</sup>.**

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6. Interest on Officer / Shareholder Loans: The end of year (December 31<sup>st</sup>) is an appropriate time to pay any interest on officer/shareholder loans. Also, all officer/shareholder loans should be in the form of a promissory note. **If you need assistance in preparing those notes, please give me a call.**
7. Arizona Business Property Statement: The annual statement filed with the county assessor on your business personal property needs to be filed by April 1<sup>st</sup>. If you wish us to assist in preparing this report, **please send my office a blank report (original) and your accounting records no later than March 8<sup>th</sup>.**
8. Health Insurance: The Affordable Health Care Act (Obamacare) made it mandatory on October 1<sup>st</sup>, 2013 for all employers to give a notice of the health care insurance changes to their employees. **It is still also mandatory to provide that information to all new hires. For additional information please contact our office.**

Health insurance (including Medicare) can be deducted on page 1 of Form 1040 (not subject to 7.5 percent exclusion) if the insurance covers a self-employed individual and/or his family. For an employee of an S Corporation, the health insurance can be paid or reimbursed to the corporation and the reimbursement is to be shown on the W-2 Form (Box 14). **This is only applicable for an Owner with no additional employees.**

**As these rules have changed, let me recommend you run it by me before doing so (email at [robert@rowlandtax.com](mailto:robert@rowlandtax.com) or [lisa@goraonline.com](mailto:lisa@goraonline.com)).**

9. Arizona Corporation Commission: Arizona Corporations are required to file an annual report with the state corporation commission and unfortunately the commission has stopped sending out reminder notices. **Many of you have elected to have our office take over preparation of annual reports and for those who have not you still have the option to contact us at any time to begin this service.**

Please check the Arizona Corporation Commission website at [www.azcc.gov](http://www.azcc.gov) and click on the "Corporate Records" Icon. From there follow the steps to pull up the Business Entity search window and search your corporation name. Always check to see if you are current on your filings.



10. Website: For the last few years I have provided the option to securely share accounting and tax documents via Rowland Alexander's Client Portal. All QuickBooks file(s) must be sent as a shared folder via Dropbox ([www.dropbox.com](http://www.dropbox.com)). **If you have not taken**

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**advantage of these options yet, I highly recommend you contact the office to get setup ((520) 505-5602).**

Helpful Tip (2015): Consider taking your business accounting records paperless if you have not done so already. Bank statements, receipts, etc. can easily be scanned in and saved appropriately to paperless software options (such as Dropbox or Evernote).

11. Patience: Starting January 1<sup>st</sup> we will face a sizeable workload preparing payroll tax reports, W-2 Forms, and 1099 Form for our clients, in addition to the services we provide outside of tax season. Please note, if we receive your accounting work in January, it is possible it may not be processed until February. For clients we receive accounting work in February, again, we will more than likely be unable to process until March. Your patience is greatly appreciated.

Please keep in mind the accounting services and tax preparation services are not designed to and should not be relied upon to detect fraud, theft, or illegal acts of employees or others. Naturally, if we do notice such activity we will bring it to your attention.

For additional information or a copy of these helpful steps please visit my website at [www.rowlandtax.com](http://www.rowlandtax.com).

Sincerely,

A handwritten signature in blue ink that reads "Robert Rowland". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Robert C. Rowland, CPA