

WOLFSOHN & ASSOCIATES, INC.
Financial, Tax and Management Consultants
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WWW.WOLFSOHN.BIZ

Dear Client:

December, 2009

We are pleased to enclose our Year-End Client Newsletter. We have included some helpful tax tips and other enclosures that may interest you, so take a few minutes to review our mailing.

PLEASE NOTE this coming tax season...your **Business Entity** return will be **filed electronically** prior to your personal return. Sub S Corporate **returns are due March 15, 2010**. Therefore, it is imperative that you submit all 2009 documents. (i.e. *Business Bank Statements, Business Credit Card Statements, Payroll Records, any Asset purchases and Loan Documents etc.*) to us no later than **Jan 20, 2010**. Help us to help you by calling, faxing or dropping off these records as soon as possible for us to process your necessary forms in a timely manner. A better way for 2010 would be to send us these records throughout the course of the year.

Since it is **mandatory that you e-file your S Corporate return** this year we will need to set up a review appointment with you, where by you can review your return, make any necessary changes and sign the necessary forms so that we can e-file it on time. We have allocated certain dates and appointment times in which to do this, so please **CONTACT US NOW** and schedule this appointment.

COMING YOUR WAY SOONwill be the 2010 corporate engagement letter. After a careful review of your 2009 records, we will prepare and discuss a customized work outline for the upcoming year. Here we will list all the services we will perform for you, along with our fees and what items we will need from you. Working together in a timely manner will assure us both of a smooth record keeping year.

We remind you that we offer complete computerized accounting, bookkeeping consulting and management services for small businesses. We should be your first call concerning financial, tax and management strategies.

We look forward to seeing you again this year and hope you will recommend our services to your family, friends, neighbors and co-workers.

Regards,

Jonathan Wolfsohn & Staff

12/31/09 Year End Maneuvers

PERSONAL

1. Make charitable donations and get receipts
2. Set up self employed pension retirement plans, several options to choose.
3. Sell losing stock and mutual fund positions that net at \$3,000 loss
4. Pay State/City estimates before 12/31/09, Federal estimates by 1/15/10
5. Prepay a 13th mortgage payment
6. "Push" income into next year also "pull" itemized deductions into 2009
7. 70-1/2 year old minimum IRA distributions "RMD" should be made by 12/31/09
8. Read our web page and tax tips newsletter for other ideas
9. Organize your 2009 records and make an early tax interview appointment **ASAP**

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12/31/09 Year End Maneuvers

BUSINESS

1. Some business asset purchases get **bonus deductions** up to \$250,000
2. Set up small business pension retirement plans, several options to choose before year end
3. Mark down the mileage from your business auto on 12/31/09
4. Prepay deductible business related bills
5. Mark up your cell phone bills with who, what, why? answers (minimum two months)
6. Read our web page and tax tips newsletter for other ideas
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THE TOP TEN BUSINESS AUDIT ISSUES!

- 1) **Ignoring Government Notices** – non response to government notices
- 2) **Corporate Formalities**
 - a. mixing personal and corporate records
 - b. must have annual shareholders meeting and document
- 3) **Losses in Excess of Basis** - Basis is the amount shareholders transfer into the business or are at risk for.
- 4) **Reasonable Salary** - Owners need to pay some social security tax. Salary other than industry standards must be described in corporate minutes. Need to show enough income to support lifestyle. Salary cannot be lower than home interest & real estate taxes paid.
- 5) **Officer Loans** - are really income to owners. Need to formalize loans with documents and interest charges.
- 6) **Independent Contractor vs. Employees** - Control is key. Do Independents have their own worker's compensation insurance? Do you have an independent contractor agreement in place?
- 7) **Personal Use of Auto & Telephone** - Expenses require contemporaneous records & documentation.
- 8) **Balance Sheets** - Must do bank reconciliations & general ledger record keeping to comply with IRS requirements.
- 9) **C Corps - Constructive Dividend** - Accumulated earnings must be distributed as dividends and taxed on owner's personal return.
- 10) **Consistent Late Filing or Paying** - This draws attention.
- 11) **Unreasonable Rents** - to or from shareholder or below market interest loans must be documented with leases.

REFERRALS ARE APPRECIATED AND REWARDED

QUESTIONS? JUST CALL!!! 516 - 887 - 7380

