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Re: Year-end letter for business clients

Dear client,

As this year is ending, now is the time to take a closer look at your company's current tax strategies to make sure they are still meeting your needs and take any last-minute steps that could save you money come tax time. It's also a good opportunity to start planning for next year's tax needs.

With all that in mind, please contact us at your earliest convenience to discuss your tax situation so we can develop a customized plan to address your business's specific financial needs. Here's a look at some of the issues we're recommending clients consider as they begin their end-of-year review.

Key tax considerations you should be aware of

By now, we're in full swing under new tax laws. The Tax Cuts and Jobs Act (TCJA) was signed into law at the end of 2017, with taxpayers seeing the real affects when they filed their returns in 2019. This legislation has made a profound impact on many taxpayers and has created new planning opportunities. Here are a few items to note:

- Choice of entity — With the decrease in the corporation tax rate to 21% and the addition of the qualified business income deduction, it may be time to reconsider your type of business entity. This is a complex decision that has more than tax implications. We can help you walk through the pros and cons.
- Entertainment expenses are no longer deductible. Although that sounds simple, there are many complications. Business meals are still 50% deductible, but there are additional stipulations. This could mean you need to track your expenses differently in your accounting system than you have in the past. It could also mean you need to request more information on invoices that could involve both entertainment and meals.
- Purchases of property and equipment — With tax-favorable options available to businesses, many purchases can be completely written off in the year they are placed in service. Let us help you determine when and how to purchase equipment as year-end approaches, so you receive the best tax treatment.
- Method of accounting — More businesses have the opportunity to use the cash method of accounting. This can be helpful for cashflow purposes and is simpler than the accrual method. There are qualifications that must be met, but we can help you understand if your business would benefit.

We're here to help you navigate tax law changes and ensure you receive the most favorable tax treatment.

Partnership audit and adjustment rules

New audit and adjustment rules are in effect. Careful planning today will help mitigate any unfavorable consequences on both the entity and the partners themselves. Also, be aware that even if your business isn't a partnership, you'll want to evaluate the effect these new rules could have if you've invested in any partnership.

Note state return due dates for tax returns

Due dates changed for several types of business returns a few years ago. States are continuing to adopt new due dates in response to the changes and we can help you determine the due date in the states in which you are required to file a return.

Fraudulent activity remains a significant threat.

Our firm takes security very seriously and your business should as well. Fraudsters continue to refine their techniques and tax identity theft remains a significant concern. Beware if you:

- Receive a notice or letter from the Internal Revenue Service (IRS) regarding a tax return, tax bill or income that doesn't apply to you
- Get an unsolicited email or another form of communication asking for confidential information such as payroll or employee data
- Receive a robocall insisting you must call back and settle your tax bill

Make sure you're taking steps to keep financial information safe. Let us know if you have any questions or concerns about how to go about this.

The Affordable Care Act (ACA) and your taxes

Recent tax law changes repealed the penalty that the ACA imposes on individuals who do not have health insurance. However, other aspects of the ACA are still in place. Contact us if you have questions about how this affects your business.

Preparing for disasters

We hear in the news all the time about natural disasters such as fires, tornados and hurricanes. Do you have a disaster recovery plan in place for your business and, if so, have you updated it recently? We can help you review your plan, especially as it relates to financial information.

Wayfair ruling and sales and use tax

The recent U.S. Supreme Court ruling in the case *South Dakota v. Wayfair, Inc.* affects where some businesses must file and pay sales and use tax. States are still making changes to their laws and filing requirements. Please ask us how this case impacts your business.

Be sure your retirement planning is up to date.

Have you revisited your company's retirement plan lately? Take a look at the many retirement savings options in order to make sure that you are taking advantage of tax

deductions as well as providing opportunities for owners and employees to save for retirement.

Year-end planning equals fewer surprises.

There are many other opportunities to talk about as year-end approaches. And, many times, there may be strategies such as deferral of income, prepayment of expenses, etc., that can help you save taxes. We are here to help.

Please contact our office today at (213) 383-1127 to set up your year-end review. As always, planning ahead can help you minimize your tax bill and position you for greater success.

Sincerely,

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