

Matthew R. Horowitz

Caring About Your Business...

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Travis Raml, CPA Merges into Horowitz, CPA

We are pleased to announce that Travis Raml, CPA has joined our practice to lead our individual income tax section. Travis is CPA with over twelve years of accounting and tax related experience. He graduated Magna Cum Laude with a degree in Accounting from Strayer University. He went on to attain a Master's Degree in Information Systems with a 4.00 GPA. While working his way through college, Travis held accounting positions with real estate and high-tech companies. Upon graduation, he began work at a CPA firm in Rockville. In 2006, Travis used his vast experience to start his own practice here in Columbia, with a focus on serving individuals and small businesses.



Matt says: For some time, I have needed help at the partner level - we currently have several stellar CPA's on staff that work behind the scenes on a part-time basis, but we've had nobody who could actually take responsibility for leading the practice forward on a full-time basis. I initiated this merger because I saw in Travis somebody with the brains, talent and focus to better this practice. My commitment will be exactly as it has been for the past 21 years - same hours, same email, same phone number, same office. In fact, Travis and I now share adjoining offices. Additionally, we will efile every individual income tax return beginning on October 1st. Having Travis aboard allows me to free up additional time to better service each corporate & entity client, and that's a great thing.

Fall Notes:



Since our last newsletter, we've been quite busy completing individual and corporate tax returns. The first six months were quite challenging, but our summer months went by smoothly. One thing that we're proud of is the relatively few tax notices

originating from the Internal Revenue Service and the Comptroller's Office. This reaffirms to me that our conservative preparing style combined with our internal diagnostic review procedures are keeping the tax authorities far away from our clients, which gives everyone piece of mind.

We also want to thank everybody for the many referrals during the spring & summer - they are very much appreciated.

Standard Mileage Rate Increased:

The Internal Revenue Service has announced an increase in the standard mileage rates for the final six months of 2011. The rate will increase to 55.5 cents a

mile for all business miles driven from July 1, 2011, through Dec. 31, 2011. This is an increase of 4.5 cents from the 51 cent rate in effect for the first six months of 2011. In recognition of recent gasoline price increases, the IRS made this special adjustment for the final months of 2011. The IRS normally updates the mileage rates once a year in the fall for the next calendar year.

The business standard mileage rate is used to compute the deductible costs of operating an automobile for business use in lieu of tracking actual costs. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for mileage. While gasoline is a significant factor in the mileage figure, other items enter into the calculation of mileage rates, such as depreciation, insurance and other costs.

Further information on these new rates, including deductible medical and moving expenses can be found by searching for Announcement 2011-40 at www.irs.gov



Debt Deal Approved:

The Senate voted 74-26, on Aug. 2 to raise the federal government's debt ceiling, and President Barack Obama placed his signature on the bill less than 12 hours before the U.S. was expected to run out of money to pay its bills. Maryland Senators Ben Cardin and Barbara Mikulski, voted in favor of the bill. The House passed the bill Aug 1. The legislation allows the president to raise the debt limit by up to \$2.4 trillion in three stages, enough to allow the government to cover its obligations through the end of 2012. The bill also calls for federal budget deficits to be reduced by more than that amount over the next ten years.

Outsourcing your Business's Payroll:

Paying your employees and satisfying your payroll tax requirements are basic functions that need to be conducted frequently and monitored. When outsourcing these tasks, you can realize a number of benefits. Most important, the time you save by not having to perform this work yourself can be used to put more focus on your highest priority - your bottom line. Now that you've made the decision to outsource, which of a number of local, regional, and national providers will satisfy your business needs?

The IRS states that the employer is ultimately responsible for the deposit and payment of federal tax liabilities, even if the employer has outsourced this process to a third party. If the third party fails to make federal tax payments, the IRS may assess penalties and interest on the employer's account. The employer is liable for all taxes, penalties, and interest due and, furthermore, may be held personally liable for certain unpaid federal taxes. As a result, the IRS recommends that the employer choose a payroll provider that has a fiduciary bond in place, which helps to protect the employer in the event of a default.

Here are some questions to consider as you begin comparing payroll vendors:

1. Does the vendor take responsibility for calculating and submitting your payroll taxes to the appropriate state and federal agencies?
2. How many options are available to pay employees?
3. What are the options for submitting payroll?
4. When data is sent electronically, how can you be certain it's secure?
5. Does the vendor have a fidelity bond coverage?
6. Are payrolls guaranteed?
7. Is your data securely supported if an unexpected circumstance occurs, such a fire, hurricane, power outage, etc.?
8. How long has your vendor been in business?

There are several payroll vendors in the marketplace that offer seemingly comparable outsourcing services. Comprehensive services, financial stability, and a strong business model are some of the key things to look for to ensure you choose a provider that is capable of supporting the growing needs of your organization well into the future.

Thanks to Luke Berry of Paychex, Inc. for submitting this article and for his considerable expertise. Luke can be reached at 410-581-7700.

The 2011 Energy Credit:

This tax credit equals ten percent of certain qualified home improvement expenditures subject to an overall credit cap of \$500.00. You must reduce that cap by energy credits claimed in earlier years. The credit covers a broad range of energy-saving expenditures for your principal residence and there are no income limits. Some examples of home improvement expenditures are exterior windows and storm windows, exterior doors including storm doors, and insulation.

For the following items, the maximum credit equals 100 percent of qualified expenditures up to the \$500 credit limit: High efficiency central air conditioners, electric heat pumps, electric heat pump water heaters, and water heaters & furnaces running on natural gas, propane or oil.

Please make sure that you obtain a manufacturer's certification that the product purchased qualifies for the \$500.00 credit -- then keep it for your tax records.

Closing:

I'm going to give Travis the last word. Here's a small part of what makes him so interesting:



Travis says: As far as personal interests outside of work, I love watching sports especially football and auto racing...though my wife claims I'll watch anything sports related. Related to this interest, I've actually been working with the Baltimore Grand Prix for nearly two years on a variety of accounting and tax matters. I also enjoy taking my family to the beach for some much-needed R&R during the slow times of the year, with Miami being our favorite destination. I also enjoy reading and following the stock markets though I cannot say I've had the same success as Warren Buffett. I've lived in Columbia since 2003 with my wife Lorrie, daughter Sydney (age 9), and daughter Kayla (age 6). I'm very excited to be working with Matt and his clients and look forward to meeting each of you in the near future. I can be reached anytime at 443-927-9161 if you have any questions.