



Key Practice Management and Accounting Updates

UPCOMING DEADLINES

October 31, 2020 –
Personal Property and Real
Estate Taxes are due

October 31, 2020 –
Unclaimed Property
Reporting deadline – for
more information visit
<http://ucp.dor.wa.gov/holdercontent.aspx>

December 1, 2020 –
Distribute a notice of
eligibility to all eligible
employees (for 401k Plans)

STUDY CLUBS

If you would be interested in having us speak at one of your upcoming Study Club events, we would be happy to do so. Online meetings are available. Contact our office for more details: mail@cpa4dds.com

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RETIREMENT PLAN LIMITS

Type	Max Deferral	IF 50+
SIMPLE	\$13,500	\$16,500
401k	\$19,500	\$26,000
IRA	\$6,000	\$7,000

The 2020 maximum total contributions to a defined contribution plan (401k/Profit Sharing, SEP) is \$57,000 or \$63,500 with an over 50 catch-up contribution.

We encourage our clients to review their retirement plan every few years to be sure they are utilizing the most advantageous plan available.

YEAR END ITEMS TO BE ON THE LOOK OUT FOR

Reporting of Self-Employed Health Insurance Premiums for S corporation Shareholders – the total premiums paid must be reported as wages on Form W-2. We will be in touch early December to be sure you have reported for 2020.

2021 Salary Schedules for S Corporations or Family Members on Payroll – New Salary schedules will be sent to you in mid-December if we recommend salary and withholding levels. Be sure to watch for this important document and have it established with your payroll company for the first payroll run in 2021. (We do not automatically enter this data to your payroll provider so you or your bookkeeper will need to do so).

Depreciation Schedule Clean-Up – Near the end of the year, we will be sending you a copy of your most recent depreciation schedule, which lists all the assets currently in use by your practice. Reviewing this and letting us know of any assets that are no longer in service – whether sold, scrapped, broken, obsolete, etc. – is key to making sure we capture all depreciation deductions. If we prepare your annual Personal Property Affidavit, this is also the same schedule that the county uses to assess your personal property taxes.

QUICKBOOKS UPDATE

QuickBooks 2021 is now available for purchase. If you currently use QuickBooks 2019 or older, you should upgrade your QuickBooks before the end of the year. Before purchasing the desktop version of QuickBooks, we encourage you to talk with us about switching to QuickBooks Online (QBO). QBO gives you and us access to your file from any internet connection and eliminates having to send us accountant's copies of your file and future upgrades. Plus it is easier to integrate with your bank for importing bank data (i.e. less data entry!).

PAYROLL PROTECTION PROGRAM – WHEN TO APPLY FOR FORGIVENESS

Many of you may be at or near the end of your 24-week window for the covered period. You have also likely already used up all your funds on eligible expenses. You may have even heard from your bank that you can now apply for forgiveness. However, we still recommend waiting for many reasons.

- Allow others to test the waters and have any kinks worked out before you apply.
- Congress continues to mention the possibility of easing up the documentation requirements for small loans, potentially those up to \$150,000.
- Assuming you meet all the requirements, the loan and all interest will be forgiven, so there is no penalty for waiting to apply.
- There are still questions about the tax implications and whether eligible expenses will be deductible. Even if the ultimate legal interpretation is for non-deductibility, that will only occur in the year the loan is forgiven. So if your loan is not forgiven before December 31, 2020, there should be no negative tax consequence this year.

NO DEFERRAL FOR PROPERTY TAX PAYMENTS

Earlier in the year, many counties offered deferrals for the first-half property tax payments in response to COVID-19. King, Pierce, and Snohomish counties have all said there will be no such deferral for the second half, so these payments are due on their regular October 31 deadline. Be sure to check with your local assessor's office if you are outside these counties.

ASSET PURCHASES AND TAX DEDUCTIONS

Year-end tax planning is a crucial step in managing your tax bill for 2020 and establishing your safe harbor required tax payments or withholding for 2021. Many dentists are aware that fixed asset purchases along with accelerated depreciation is a useful tool to reduce your taxable income.

However, you should also be aware of the "placed in service rule" that applies to dental equipment and other "fixed assets". In general, fixed assets are those items expected to last longer than a year in the practice – such as dental equipment, office furniture and fixtures, etc. and cost more than \$500 per unit. To be considered "placed in service" the item must be delivered and placed into a state of readiness. It is not required the item actually be used; rather, just usable.

Consider Equipment Order Lead Times: With less than three months left in 2020, if you plan to place equipment in service and deduct its cost this year, you will want to consider ordering as soon as possible. Documenting placement in service can be done with an installation receipt or photograph that includes the date (computer, cell phone, etc.)

Of course, we would urge caution against buying assets solely for a tax deduction. Such purchases should only be for items that you know you will need or have been thinking about buying.