



Key Practice Management and Accounting Updates

UPCOMING DEADLINES

October 15, 2021 –

Extended personal tax returns Form 1040 are due

October 31, 2021 –

Personal Property and Real Estate Taxes are due

October 31, 2021 –

Unclaimed Property Reporting deadline – for more information visit

<https://ucp.dor.wa.gov/app/submit-a-report>

December 1, 2021 –

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:

5808 Lake Washington Blvd NE
Suite 101

Kirkland, WA 98033

425.216.1612 | 425.216.1613 fax

mail@cpa4dds.com

RETIREMENT PLAN LIMITS

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

The 2021 maximum total contributions to a defined contribution plan (401k/Profit Sharing, SEP) is \$58,000 or \$64,500 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 2021.

2022 Salary Schedules for S Corporations or Family Members on Payroll – New Salary schedules will be sent to you in mid-December for those we provide recommended 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 2022. **(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 2022 is now available for purchase. If you currently use QuickBooks 2020 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 and automatically incorporates future upgrades. Plus, it is easier to integrate with your bank for importing bank data (i.e., less data entry!).

Furthermore, QuickBooks is changing their pricing model for future versions of the desktop version. Instead of a one-time cost for the software, they will charge a monthly fee for access, similar to the billing structure for QuickBooks Online. We see this as yet another reason to switch to QBO.

EMPLOYEE RETENTION CREDIT

Many are inquiring about the timing of the Employee Retention Credit and when they can expect their refunds. While we do not have a definitive answer, the short, and unfortunate answer, is more waiting. The IRS was already backed up before these refunds were filed, and there are literally millions of amended payroll tax returns that must be processed by hand. We are not aware of any clients who have received their refunds, nor have we word from any of our colleagues in other parts of the country. We will continue to update you as soon as more information becomes available.

ASSET PURCHASES AND TAX DEDUCTIONS

Year-end tax planning is a crucial step in managing your tax bill for 2021 and establishing your safe harbor required tax payments or withholding for 2022. 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 2021, if you plan to place equipment in service and deduct its cost this year, you will want to consider ordering as soon as possible. This is especially true this year given the many supply-chain issues vendors are facing. 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. Particularly for S Corporation owners, you should also be mindful of your "tax basis" in your practice, which could potentially limit the amount of deductions you can take in a given year. Your basis increases with taxable income and money put into the company. It decreases with losses or deductions as well as distributions taken out of the company. Your basis cannot fall below zero, so if you have losses or large distributions, this could result in some unintended tax consequences. Ask your account manager if you are unsure of your basis amount.