



Key Practice Management and Accounting Updates

QUICKBOOKS

QuickBooks Pro 2016 is now available for purchase. Please be sure you are running either QuickBooks 2015 or 2016.

If you currently use QuickBooks 2014 or older, you should upgrade.

STANDARD AUTO MILEAGE RATE

The standard reimbursement rate for automobiles is 57.5 cents per mile for 2015 up from 56 cents in 2014. The 2016 rate has dropped to 54 cents per mile.

2015 ORGANIZER PACKAGES and TAX PREPARATION

Individual tax organizer packages were mailed the week of January 11th. If you have not received yours yet, please call us!

We request that all individual tax information be received in our office no later than February 23. If you have ownership in pass-through entities that issue Forms K-1, please do not wait for these before sending us your tax documents as they can be quite late. Submit everything you have by February 23 and we can add K-1 activity when received.

FUNDING DEADLINE for IRAs and RETIREMENT PLANS

The funding deadline for 2015 IRAs (Roth and Traditional) is April 15, 2016. There is no extension available.

Retirement accounts (SIMPLEs, SARSEPs, SEPs and 401(k) Profit Sharing Plans) must be fully funded by the due date of the tax return. If the practice is a Corporation, the due date is March 15th. If a Sole Proprietor or Partnership, the date is April 15th. These deadlines may be extended by filing an extension for the tax return. If you need additional time to fund, be sure to talk with your Client Advisor or Account Manager sooner versus later!

401(k) Limits

Year	Max Deferral	IF 50+
2015	\$18,000	\$24,000
2016	\$18,000	\$24,000

SIMPLE IRA Limits

Year	Max Deferral	IF 50+
2015	\$12,500	\$15,500
2016	\$12,500	\$15,500

IRA Limits

Year	Max Contribution	IF 50+
2013	\$5,500	\$6,500
2016	\$5,500	\$6,500

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MAINTAINING APPROPRIATE CASH BALANCES IN YOUR PLLC OR CORPORATION

It is important that you carefully manage the cash balances within your PLLC or Corporation. On the one hand, you want to have sufficient working capital to pay your bills and even a little cushion for when insurance is slow to pay or you have a piece of equipment break unexpectedly. However, you also want to be sure that you do not have too much cash in your PLLC or Corporation either. Some of the concerns with using the PLLC or Corporation as a place to stash cash are:

- a. Legal Liability – you don't want cash to be available in the case of a lawsuit.
- b. Planning for large personal purchases such as a new home. Banks will make you jump through hoops if you plan to take the down payment for a home purchase from your practice accounts. For this reason we recommend you keep only what is necessary for the operations of the practice in the PLLC or Corporation and on a regular basis take distributions or draws of the excess earnings and place those in your personal account.
- c. Please talk with your advisor before taking large distributions if you are organized as an S Corporation and you have loans made directly to the corporation.

HEALTH INSURANCE AND THE AFFORDABLE CARE ACT

A further reminder that you could be subject to a penalty of \$100 per employee per day if you reimburse them for the cost of their individual insurance policies. This is true regardless of whether you provide it pre or post tax. If you need help with restructuring your employee compensation, please give us a call.

SMALL BUSINESS HEALTH CARE CREDIT

About 1/3 of dentists have qualified for the Small Business Healthcare Credit (SBHC) over the past few years. For those that qualified for a credit in 2014, 2015 would be the last year of eligibility under the rules. That said, only businesses obtaining coverage from the Small Business Health Options Program (SHOP) qualify for the credit in 2015. If you have purchased group healthcare insurance from the small business exchange in 2015, please let your account manager know.

FOREIGN ACCOUNTS AND FOREIGN ASSETS

In the past, if you maintained a foreign bank account with a balance of \$10,000 or more, you were required to make a separate report on Form TD-90 each year to the Treasury Department. This remains true for this year and beyond.

In addition, there is a relatively new requirement to report other foreign assets on your personal income tax return on Form 8939. Applicable assets include Bank Accounts, Retirement Accounts, Foreign Stock (does not apply to foreign shares held in US accounts) Partnership Interests and may extend to real property as well.

Filing Threshold: For TD-90 the requirement to file threshold remains at \$10,000. The threshold for filing new Form 8939 is generally a value of \$50,000 on the last day of the year or \$100,000 at any time during the year for single filers and \$200,000 for married filers.

Penalties for Failure to Report: \$10,000 and can go up to \$50,000 and/or 75% of tax due. Again, this does not apply to foreign assets held through US accounts. If you have any foreign holdings be certain to disclose this in your tax information organizer and/or discuss with your DG Advisor.

FORMS 1099 & 1096 (Those you issue)

- 1099s are due in the mail to payees on or before February 1, 2016.
- The filing copies are due to the Internal Revenue Service on or before February 29, 2016.
- You should not include payments made via credit cards, debit cards or EFT as those clearing houses will be sending 1099s out separately.
- Please note that on all business tax returns, including Sole Proprietorships and Rental activities, we will now have to confirm by checking the box whether you issued all required 1099s for the year.

FORMS 1099 – MISC (Those you receive)

All Dental Practices will receive Forms 1099 from third party payers (insurance companies). In most cases, you need only collect these and keep them in a safe place. However, there are instances where the payer may withhold federal income tax from the payments they make to you and that tax withheld will be reported on Form 1099-MISC. You may want to peruse your 1099s to be sure tax is not reported and to make sure that there are no interest or dividend 1099s mixed in with your healthcare services 1099s. Interest and dividends will need to be reported on your applicable tax return. If you find any 1099s with withholding and/or any other types of 1099s than healthcare services, please be sure to forward these to us so that we can report it on your tax return.

If you receive a notice from an insurance company indicating that your legal name and tax identification number do not agree, be sure to act on it immediately to avoid back up withholding! Call us if you need any help.

PAYROLL TAX RATE NOTICES

State Unemployment and L&I Rate notices have been mailed by the State. Please be sure to forward these to your payroll company as soon as possible.

UNANIMOUS CONSENT FORMS FOR CORPORATIONS

If you have received any correspondence from your attorney regarding unanimous consent or annual minutes for your business entity, please be sure to forward it to us. We prepare the information as we complete the business return and will provide that to you for signature and return mailing to the attorney.

SALARY SCHEDULES FOR OFFICERS

Salary schedules for corporate officers have been mailed out for the year 2016. Please be sure you have changed your salary and withholding per this schedule with your payroll company. If uncertain, please contact us as soon as possible.

Questions? Please email us at mail@cpa4dds.com or call us at 425.216.1612