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2009 4th quarter estimated tax payments due for federal and state (if subject to AMT)

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Quote of the Month:

“When someone offers you a challenge, don't think of all of the reasons why you can't do it. Instead say, “Yes!” Then figure out how to get it done.”

Katherine Hudson



Zimmerman, Boltz & Company

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Record Keeping Requirements

Tax filing season can be a stressful time for many, which is why we think now—with tax filing season a few months away—is a great time to help you prepare and reduce this stress. Thus, it is important to remind you of the importance of accurate and organized record keeping throughout the year, as well as discuss some recommendations for record keeping. Practice owners and individual taxpayers alike can benefit from planning ahead and ensuring that they have accurate, organized records of transactions that occurred during the year.

To put this into perspective, assume your tax return is selected by the Internal Revenue Service (“IRS”) for examination, or you need to respond to a bill for additional tax. In both situations, you want to be prepared to answer any questions that may arise, and have the necessary records readily available that support the position that you took on your return. With organized records, you will avoid the headache of having to contact your banks, credit card companies, vendors, and the like, to obtain duplicate statements, receipts, and similar documents required by the IRS.

General Record Keeping Requirements.

Although the IRS does not require a specific record keeping method, the law does require you to maintain records that support various entries on your tax returns. If the records do not exist, the IRS will simply disallow the treatment the taxpayer claimed on the return. Thus, it is our recommendation that you keep any and all documents that may impact your tax return in any way. Here are some suggestions for both you as an individual taxpayer, and you as a business owner.

Records to Maintain.

As an individual taxpayer, you should keep the following records supporting items on your tax returns:

- Bills;
- Credit card statements and receipts;
- Invoices;
- Mileage logs;
- Canceled, imaged or substitute checks or any other proof of payment; and
- Other records to support deductions or credits you claim on your return.

Also, as an individual taxpayer you should keep records relating to any property that you own or disposed of during the year. Examples of property records to be kept include:

- Documents relating to the purchase of a home or home improvement;
- Stocks and other investments;
- Individual Retirement transactions; and
- Rental property records.

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Required Updates for Workplace Posters and the Proposed Expanded List of Protected Classes under Ohio's House Bill 176

A summary of some recent employment issues that impact dental practices are as follows:

Your Required Federal and State Workplace Posters

Your federal workplace posters need to be updated if you have 15 or more employees. The new federal workplace posters for those covered practices are updated with information on the new Genetic Information Nondiscrimination Act (GINA). The change to the required Ohio workplace posters is mandatory for all practices and the change is specifically to the Ohio Minimum Wage poster in that it was updated to reflect a name change to a division within the Ohio Department of Commerce. Specifically, the Division of Labor and Worker Safety was renamed to the Division of Industrial Compliance and Labor within the Ohio Department of Commerce.

Pending Legislation in Ohio that would Expand List of Protected Classes - Ohio's House Bill 176 (the “Bill”)

Ohio's antidiscrimination statute prohibits discriminatory practices, including practices related to a person's employment, on the basis of a person's race, color, religion, gender, national origin, disability, or age. Continued on page 3

Practice Impact



Dr. Cory Sellers has recently purchased the Dayton, Ohio dental practice of Dr. Martin Holzinger. Practice Impact would like to congratulate both doctors on a successful transition.

Practice Impact
(614) 855-2500 or
visit their website at
www.practiceimpact.com

If you are a small business owner, you must keep all of your employment tax records. Employment tax records include the following:

- Social security and Medicare taxes;
- Federal income tax withholding; and
- Federal unemployment tax.

Practice Tip: For additional guidance on what these records should include, see IRS Publication 15 Employer's Tax Guide and IRS Publication 583 Starting a Business and Keeping Records.

As a small business owner, you should also keep the following records to support items on your business returns:

- Gross receipts: cash register tapes, bank deposit slips, receipt books, invoices, credit card slips and Forms 1099-MISC;
- Proof of purchases: canceled checks, cash register tape receipts, credit card sales slips and invoices;
- Expense documents: canceled checks, cash register tapes, account statements, credit card sales slips, invoices and petty cash slips for small cash payments; and
- Documents to verify your assets: purchase and sales invoices, real estate closing statements and canceled checks.

How Long Do I Keep the Records?

Most tax professionals advise their clients to maintain their business and personal records for at least seven years. It is important to note, however, that there are some instances where you may need the records beyond that seven-year period. Thus, it is our recommendation that you keep your personal and business records permanently. With today's technology, you can avoid the clutter this may otherwise cause by storing these records electronically. You can either do this yourself or hire someone to do it for you. Either way, it is cost effective, requires minimal amount of time each year, and can be very important if ever needed. Here are three situations where clients needed records but did not have them beyond the seven-year period:

1. A Practice had a net operating loss carry forward that represented a culmination of losses from prior years. The IRS challenged the amount of the loss and demanded the support from prior years.
2. A doctor that wanted to challenge the Social Security Administration's determination of benefits. But, the doctor did not have any records regarding the doctor's prior income.
3. A Practice that had a loan to shareholder entry on the Practice's corporate return, but could not provide the necessary support of how the Practice came up with the amount reflected on the return.
4. And, the most common one for Practices that are taxed as an S corporation, is the failure to have the necessary support to determine the owners basis in the S corporation. This failure can have a very significant and negative impact.

This Article is a brief but important reminder on the importance of record keeping, both as an individual taxpayer and a business owner. For additional information on the subjects covered in this article, check out the Internal Revenue Service Publications listed above and these additional publications available at IRS.gov: IRS Publication 552 Recordkeeping for Individuals and IRS Publication 463 Travel, Entertainment, Gift, and Car Expenses.

Tawnya Underwood is a paralegal with the Nardone Law Group, LLC, who specializes in tax, business, and estate planning for professional practices and their owners.

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TOP TEN TECHNOLOGY MISTAKES

1. NOT HAVING AN OVERALL PLAN OF INTEGRATION. HOW WILL ALL OF THE PIECES WORK TOGETHER?
2. RELYING ON MULTIPLE MANUFACTURERS' REPS. FOR A COMPLETE PROJECT.
3. NOT HAVING CLEAR EXPECTATION WITH THE INSTALLER WITH REGARDS TO AESTHETICS AND ERGONOMICS OF EQUIPMENT PLACEMENT.
4. NOT HAVING AN IMPLEMENTATION PLAN IN PLACE.
5. CHOOSING YOUR TECHNOLOGY BUDGET BEFORE YOUR TECHNOLOGY
6. NOT HAVING A SUPPORT PLAN IN PLACE FOR ALL OF YOUR TECHNOLOGY.
7. NOT HAVING AN OBSOLESCENCE CYCLE OR HAVING AN UNREALISTIC OBSOLESCENCE CYCLE IN PLACE.
8. UNDER UTILIZING TECHNOLOGY BECAUSE OF POOR TRAINING
9. FAILURE TO MAKE FULL USE OF INTRAORAL CAMERA AS A DIAGNOSTIC AND PRESENTATION TOOL PROPERLY INCORPORATED WITH CHARTING AND TREATMENT PLANNING
10. RELYING SOLELY ON ONLINE BACKUP



Important Tax
Dates & Deadlines:

February 1, 2010:

Businesses:
4th quarter payroll returns
due (Forms 940 and 941)

W-2's need to be distributed
to employees

1099 MISC furnished to re-
cipients

February 10, 2010:

Businesses:
Commercial Activity Tax Due
(CAT)

February 15, 2010:

Businesses:
Last day for filing W-4 by
employees who wish to
claim exemption from with-
holdings

March 1, 2010:

Businesses:
File W-2's with Social Secu-
rity Administration

File Annual 1099's with IRS

March 15, 2010:

Businesses:
S-Corp Election Decision Due

File Corporate Income Tax
Return (Forms 1120, 1120s
or 1120-A)

Or

Corporate Extension Due
(Form 7004)

April 15, 2010:

Individuals:
File Individual Income Tax
Returns (Form 1040, 1040A,
or 1040-EZ)

Or

Workplace Posters

The Ohio House of Representatives passed a bill to add "sexual orientation" and "gender identity" to this list of protected classes under Ohio's antidiscrimination statute, and under Ohio's wage discrimination law. The Bill defines sexual orientation as "actual or perceived, heterosexuality, homosexuality, or bisexuality," and it defines gender identity as "gender-related identity, appearance, or mannerisms or other gender-related characteristics of an individual, with or without regard to the individual's designated sex at birth." There are limitations to the bill's proposed coverage for these two new classes - sexual orientation and gender identity. The bill limits the statutes' coverage only to government employers and employers with 15 or more employees. Currently, the statutes apply to employers with four or more employees.

Tanya Nardone is an attorney with the Nardone Law Group, LLC and specializes in employment related matters for Dental Practices. If you have any questions related to your required federal and state workplace posters or Ohio's antidiscrimination statute/wage discrimination law and the pending legislation in Ohio that would expand its list of protected classes or any other employment related matters, you can contact her by telephone at (614) 223-9262 or by e-mail at tnardone@nardonelawgroup.com.

IRS Announces 2010 Standard Mileage Rates

IR-2009-111, Dec. 3, 2009 WASHINGTON — The Internal Revenue Service today issued the 2010 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2010, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 50 cents per mile for business miles driven
- 16.5 cents per mile driven for medical or moving
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving purposes are slightly lower than last year's. The mileage rates for 2010 reflect generally lower transportation costs compared to a year ago.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs as determined by the same study. Independent contractor Runzheimer International conducted the study.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under the Modified Accelerated Cost Recovery System (MACRS) or after claiming a Section 179 deduction for that vehicle. In addition, the business standard mileage rate cannot be used for any vehicle used for hire or for more than four vehicles used simultaneously.

Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates.

Revenue Procedure 2009-54 contains additional details regarding the standard mileage rates.

Update of Estate Tax Legislation

On December 3, 2009, the house approved H.R. 4154, which would make the current estate, gift, and generation skipping transfer (GST) tax laws permanent. As background, under the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the estate tax was scheduled to be gradually phased out by increasing the applicable exemption amount each year up to \$3.5 million in 2009 and then repealing in 2010. It is now the end of 2009 and unless Congress passes another act, in 2011 the estate tax provisions will revert to pre-2001 law. This would mean decreasing the unified credit exemption amount for estate tax purposes from the current \$3.5 million to \$1 million. But, lately there has been much debate and action in Congress for the passing of an estate tax bill. And, up to this point there has been much speculation and uncertainty as to what the estate tax laws would look like. But, now with the house's approval of H.R. 4154 we have a better picture of what the future holds.

H.R. 4154 would make permanent the current unified credit effective exemption amount of \$3.5 million for estate tax purposes to apply to estates of decedents dying during 2010 and later years. As to gift taxes, the unified credit effective exemption amount would remain at \$1 million. And, the highest estate and gift tax rate would be 45%. The GST tax exemption would equal the unified credit effective exemption amount for estate tax purposes and be determined using the highest estate and gift tax rate. Considering the high exemption amounts, H.R. 4154 would make it so that only a small percentage of Americans need to worry about paying federal estate tax. In general, estates are only subject to federal estate tax if they exceed the applicable exclusion amount. For example, under 2009 law only if a decedent's taxable estate is over \$3.5 million—after taking into consideration the unlimited marital deduction—will the decedent's estate be subject to federal estate tax. Since H.R. 4154 would maintain the applicable exemption amount at \$3.5 million, only the most fortunate of Americans need to be concerned about the estate tax.

There have been discussions among policy makers, however, on the effects that the estate tax may have on small family businesses, in particular farms. The argument among these policy makers is that since most of the value of these family businesses is held in illiquid assets, these businesses would be forced to liquidate vital assets just to pay the federal estate tax. But, these concerns are not applicable to most family businesses. A recent report by the Congressional Research Service (CRS) shows that only a small fraction of estates with small or family business interests have paid the estate tax—about 3.5% for businesses in general, and 5% for farmers, compared to 2% for all estates. CRS also reports that less than 1/2 of 1% of family-owned businesses that are subject to the estate tax "do not have readily available resources to pay the tax." Therefore, even if there is a considerable burden on small businesses, this burden only applies to small percentage of these businesses. (RL33070 - Estate Taxes and Family Businesses: Economic Issues)

In sum, it looks like the future will continue to be the same as it is today. That is, we will have high unified credit exemption amounts that will in turn exclude most estates from having to pay estate tax. In turn, many will not need to worry about utilizing complicated devices in their estate plan for purposes minimizing the impact of the estate tax on their estates.

Vincent J. Nardone and Pilar Honer are attorneys with the Nardone Law Group, LLC, who specialize in tax, business, and estate planning for professional practices and their owners. If you need assistance in preparing your estate plan, or reviewing your current estate plan, please contact them by telephone at (614) 223-0123, or by email at vnardone@nardonelawgroup.com for Vincent or

Important Tax Dates & Deadlines:

April 15, 2010:

Individual Extensions Due (Form 4868)

First Installment of Individual Estimated Tax Due (Form 1040-ES)

Last day to file Form 1040X Amended Individual Tax Return for the 3rd preceding tax year

Estates & Trust: File Fiduciary Tax Returns (Form 1041)

Fiduciary Extension Due (Form 7004)

Last day to file an Amended Fiduciary Tax Return for the 3rd preceding tax year

Businesses: File Partnership Income Tax Return (Form 1065)

Or

Partnership Extension Due (Form 7004)

Last day to file an Amended Partnership Tax Return for the 3rd preceding tax year

April 30, 2010:

Businesses: 1st quarter payroll returns due (Form 941)

1st quarter sales tax returns due

Tips For A Faster Individual Tax Return

Complete and sign the Tax Organizer and send all of the following documents:

- Bank & Brokerage 1099s
- Settlement Statement for purchased or sold house
- Cost basis & date purchased for securities sold
- Mortgage 1098s
- Real Estate & Personal Property Taxes Paid

Holiday Traditions:

Thank you to everyone who donated to our Firefighters 4 Kids Toy Drive. The program was a huge success and would not have been possible without you! We appreciated your continued support in bringing a smile and a ray of hope to an underprivileged child this holiday season. We look forward to continuing this holiday tradition for years to come.

Frequently Asked Questions?

What is the standard business mileage rate for 2009? **55 cents**

What is the long-term capital gain rate for 2009? **15%**

How much is the 2009 student loan interest deduction and what is the income based phase out? **\$2,500 deduction and phased out for single taxpayers with AGI between \$60,000 - \$75,000 and married filing joint \$120,000 - \$150,000**



Office Hours & Upcoming Events

ZBC. hours:
Monday - Friday
8:30am to 5:30pm

Upcoming Events
January 14 & 15th - Paragon Management will be offering the Front Office Academy I in sunny Orlando, Florida.

March 12th - Paragon Management will be hosting the Ohio Excelleration Seminar here in Columbus.

March 25 & 26th - Paragon Management will be offering the Front Office Academy I in Columbus, Ohio.

April 23rd - Paragon Management will be hosting their Spring 1-Day Seminar in Columbus, Ohio.

For further information regarding any Paragon events contact Rhonda at 614-433-0790 or visit their website at

www.theparagonprogram.com

April 28th-May 1st - ZBC will be partnering with the Continuing Education Department at Ohio State University to offer several practice management courses at the Post College Assembly. As we receive more details we will pass them along to you for planning purposes.

