



# UPDATE

Margaret McDeed, Editor

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## TURN THAT VACATION INTO A TAX DEDUCTION

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One option for reducing your travel budget, especially if you travel for work, is to let Uncle Sam pick up part of the tab by deducting a portion of your trip. Since some travel costs can be deducted as business expenses, there is nothing wrong with writing them off. That is why many professional organizations host their annual conference at tourist hotspots.

The rules for travel-related tax deductions can be complicated. To avoid a potential audit, make sure you check these tips along with your baggage.

- If the trip is primarily business-related and within the United States, the cost of your transportation is fully deductible both ways. If it is international travel, the trip has to be at least 75% for business in order to write off your airplane ticket. If it is less than 75%, then you can only deduct the portion that is business-related.
- Extending your stay a few extra days on either end of the business portion of the trip will not disqualify your deduction. Just make sure that the primary purpose of the trip is for business and that you do not deduct any expenses related to the recreational part. In all cases, keep good documentation.
- While on deductible business trips, your meals and those of your business associates are 50% deductible.
- You cannot deduct expenses for anyone (example, family members) who are not involved in the business of the trip. However, the key is to find overlap with what you have to pay for yourself anyway. You can still deduct the entire expense for a rental car, which is used to get the entire family to the destination. If everyone shares a single room, it would be deductible as well. Keep in mind that any fees for added occupants or an upgrade to a larger room to accommodate the family are not deductible.
- Any incidental costs such as phone calls, tips, laundry charges, taxi fares and internet access fees are deductible, if they are business related.
- Make sure you track everything by keeping meticulous records such as a log, diary, notebook, or any other written record to track your expenses. Keep documentary evidence, such as receipts, canceled checks, or bills, to support your expenses. Keep anything that will prove your business purpose such as itineraries, agendas, programs, etc.
- Be reasonable and do not incur lavish expenses. Expenses should be practical and typical in your business. So, do not rent a Lamborghini or stay in the penthouse suite, as the IRS could disallow those expenses.

Please contact our office, if you have questions regarding the travel-related tax deductions.

## 2012 SUI TAXABLE WAGE LIMITS AND MILEAGE REIMBURSEMENT RATES

Erica Usry

For 2012, the state unemployment wage limit has gone up to \$8,500. The minimum rate has had a significant increase as well. The minimum rate in Florida is now 2.02%. The new business rate (2.7%) and maximum rate (5.4%) have not changed. Be prepared to expect another interest assessment in June as well, since the loan to the federal government has not been repaid. Because of this loan, Florida's FUTA rate is higher than the majority of the rest of the country (.9% compared to .6%), and will most likely increase to 1.2% by November (if the loan isn't repaid by then).

In regards to the Mileage Reimbursement Rates:

- Business Use: **2012** - 55-1/2 cents per mile; **2011** - January-June - 51 cents, July-December 55-1/2 cents per mile
- Medical and Moving: **2012** - 23 cents per mile; **2011** - January-June - 19 cents, July-December 23-1/2 cents per mile
- Charitable Organizations: **2012** - 14 cents per mile; **2011** - 14 cents per mile

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## VETERANS WORK OPPORTUNITY CREDITS

Pam Mattox

The Work Opportunity Tax Credit has been enhanced through the creation of the Returning Heroes Tax Credit and Wounded Warriors Tax Credit and is now available to businesses that hire certain military veterans. Employers will be eligible for a credit of up to \$9,600 for each qualified veteran they hire after the law's enactment date (November 21, 2011) and before January 1, 2013.

Under the Returning Hero Tax Credit, an employer may be eligible for a credit of up to \$2,400 for hiring a veteran, who has been unemployed for at least four weeks and up to \$5,600 for hiring a veteran, who has been unemployed for more than six months.

Under the Wounded Warriors Tax Credit, an employer may be eligible for a credit of up to \$9,600 for hiring a veteran with a service-connected disability, who has been unemployed for more than six months and up to \$4,800 for hiring a veteran with a service-connected disability (who does not meet the Returning Hero Credit requirements) or who qualifies as a food stamp recipient.

Please call our office if you would like the specific information on these available credits.

## THE END OF .com

Christina Winters

Starting January 12, 2012, the traditional .com addresses on the internet will change. The Internet Corporation for Assigned Names and Numbers (ICANN), a not-for-profit organization, will begin to accept applications to allow websites to change the top-level domain; this is the term that follows the final period in a web address.

Under the previous rules, names are available in 22 well known categories, such as the famous .com or .gov, and .edu to name a few. Also, there are 250 country specific domains. With these new changes, companies and individuals can register to have the ending name be virtually whatever they wish, such as .music, .bank, or .whateveryouwant. The registration process has already begun; however, there is a cap on the amount of new names that can be added per year. For more information on these changes or how to register, you can visit the ICANN's website at <http://newgtlds.icann.org>.

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## GOOGLE YOURSELF!

Kathy Tushaus

Ever feel like you're not very famous? You may be surprised by how much of your personal information comes up by entering your name in a Google search. Go ahead; try it...were you shocked? Luckily, there is a way to help protect your private information like your address and phone number from showing up. Simply go to UnlistMy.Info and follow the instructions. This will remove your 411 information from over 40 websites like Spokeo and White Pages.

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## CURIOS ABOUT YOUR CREDIT REPORT?

Kathy Tushaus

You can request your credit report from one of three bureaus, Experian, Equifax and TransUnion, absolutely free. These are the only authorized sources for the free annual credit report that you are entitled to by law. While you may have seen email offers and TV ads that claim to have "free" credit reports, these are the only ways to get a truly free credit report. You can request your credit report in four month intervals to view it, download it, and even print it up to three times a year. The service is completely free, as long as you do not request your beacon score or any other of the offered extras.

## DON'T BE SCAMMED BY CYBER CRIMINALS

Bill Dennison

The Internal Revenue Service receives thousands of reports each year from taxpayers who receive suspicious emails, phone calls, faxes or notices claiming to be from the IRS. Many of these scams fraudulently use the IRS name or logo as a lure to make the communication appear authentic and enticing. The goal of these scams, known as phishing, is to trick you into revealing your personal and financial information. The scammers can then use your information to commit identity theft or steal your money.

Here are four things the IRS wants you to know about phishing scams:

1. The IRS never asks for detailed personal and financial information like PIN numbers, passwords or similar secret access information for credit card, bank or other financial accounts.
2. **The IRS does not initiate contact with taxpayers by email to request personal or financial information.** If you receive an email from someone claiming to be the IRS or directing you to an IRS site:
  - Do not reply to the message.
  - Do not open any attachments. Attachments may contain malicious codes that will infect your computer.
  - Do not click on any links. If you clicked on links in a suspicious email or phishing website and entered confidential information, visit the IRS website and enter the search term "identity theft" for more information and resources to help.
3. The address of the official IRS website is [www.irs.gov](http://www.irs.gov). Do not be confused or misled by sites claiming to be the IRS but ending in .com, .net, .org or other designations instead of .gov. If you discover a website that claims to be the IRS, but you suspect it is bogus, do not provide any personal information on the suspicious site and report it to the IRS.
4. If you receive a phone call, fax or letter in the mail from an individual claiming to be from the IRS, but you suspect they are not an IRS employee, contact the IRS at 1-800-829-1040 to determine if the IRS has a legitimate need to contact you. You can forward a suspicious email to [phishing@irs.gov](mailto:phishing@irs.gov).

You can help shut down these schemes and prevent others from being victimized. Details on how to report specific types of scams and what to do if you've been victimized are available at [www.irs.gov](http://www.irs.gov). Click on "phishing" on the home page.

## HOW A SMALL BUSINESS CAN PACK A BIG PUNCH

Cherilyn Herzhauser

Tired of hearing about "social media", like Facebook, Twitter and the countless number of blogs that exist? You will need to get used to it and begin accepting it! It is one of the best ways to get your small business name out there and have people talking about you.

It is important to understand how to use social media to your benefit. These are networking tools that help you *create relationships*. This, in turn, leads to referrals and potential business down the road. You must be patient with these tools and not expect Twitter to make you an overnight success. You should use social media to create and build real relationships with local connections as that is what drives business. Not only will you reach new customers, you can also develop relationships with fellow small business owners.

Can you believe 15% of all searches on Google are from a mobile device? Over half of these mobile searches have local intent. People are looking for places or things that are geographically close to them. You should make sure your business is listed locally on search engines like Google Places, Bing Maps and Yahoo Maps.

Always ask your customers how they heard about your business. New ways to connect with customers are popping up daily. While this can all seem intimidating for the technologically challenged, make it a goal for 2012 to learn more about it. You don't have to stand out in every social media outlet that comes along, but know your customer base and try to connect with them where they are.

Don't get so caught up in the social media outlets that you let your own website become stale and outdated. (Having your own website is the first step!) The social media outlets should be directing people to your website. Keep your website current, accurate and engaging.

While social media is a very powerful medium, it is only as good as the people who use it. Social media, like most things, can be used for good purposes or bad ones. Social media sometimes has a negative connotation because of people who abuse it or use it incorrectly, but it can truly be an invaluable resource for your business when used correctly.

The sooner you understand that social media is here to stay and you take advantage of all it can offer, the sooner your small business will start reaping the benefits!

## NOT-FOR-PROFITS SHOULD BE ON THE LOOKOUT

Dawn M. Lopez

In October 2009, the Financial Accounting Standards Board (FASB) established a Not-for-Profit Advisory Committee (NAC) which is also made up of committee subgroups. The NAC's role is to provide feedback and input to FASB regarding the industry. The subgroups consist of preparers, auditors, and users of not-for-profit financial statements, and are charged with assessing the effectiveness of the current not-for-profit financial reporting model, which dates from the mid-1990s. One of the NAC's focuses this past year is on improving the financial reporting model. Specifically, they are looking at improving financial reporting for 1) financial performance, 2) liquidity and financial health and 3) "telling the story" of not-for-profits. Some of their recommendations are:

- revision of the classification scheme for net assets and changes to the statement of financial position in conjunction with improving how liquidity is portrayed.
- improving the statements of activities and cash flows to more clearly communicate financial performance.
- develop a framework for not-for-profit directors and managers to provide commentary and analysis about the organization's financial health and operations, similar to the "Management Discussion and Analysis" provided by public companies in their annual reports.
- streamlining disclosure requirements.

The NAC agrees the current financial reporting model is sound, but believes improvements are important in helping not-for-profits fulfill their public accountability, which is central to the industry.

As a result of the NAC's recommendations, the FASB has added two agenda projects in 2012 to improve financial reporting by not-for-profit organizations. We will keep you informed of any new guidance that may result from FASB's actions.



## BEST AGE TO START SOCIAL SECURITY RETIREMENT BENEFITS

Susan Ghaly

As we age, our thoughts turn more and more frequently to retirement. Many questions arise: What will that be like for me and my family? What will I do with all my free time? How much money will I have? Perhaps, more specifically, when should I apply for retirement benefits? This article is intended to help answer that last question.

There are a number of factors to consider in deciding when to start receiving Social Security benefits. It is important to realize that monthly payments differ substantially based on when you start receiving benefits. You can increase your monthly payment by delaying your retirement age. Choosing this option will result in higher monthly benefits, but over a shorter period of time. On the other hand, retiring at a younger age will result in lower monthly benefits for a longer period of time. Social Security tiers its payout schedules in such a way that a person living to their average life expectancy will receive about the same amount in lifetime benefits regardless of when they start receiving benefits.

With that in mind, it is also important to understand that the decision of when to start receiving benefits is highly personal. There is no one "best age" for everyone. The answer for you depends on several factors, such as your health and family longevity, your current and future cash needs versus income sources and your employment plans for retirement.

In deciding when to start receiving Social Security retirement benefits, also keep in mind that your decision could affect your family and also that retirement may be longer than you think. Surviving spouses, for example, could be greatly impacted by your retirement benefits, particularly if you have earned more than your spouse over your lifetime. Also, keep in mind that many retiring individuals will live much longer than the "average" life expectancy and Social Security benefits are designed to last as long as you live.

Social Security's official website, [www.sss.gov](http://www.sss.gov) has a very informative and useful frequently asked questions section. There is also a "retirement planner" section on the website where you can estimate your retirement benefits. It is advised to use the "retirement planner" combined with an actual consultation at the Social Security office in trying to reach the best decision for your unique circumstances.

# *Notables*



Pictured left to right, Dawn Lopez, Erica Usry, Kathy Tushaus, Cherilyn Herzhauser

Kathy Tushaus & Dawn Lopez, Partners, and Erica Usry and Cherilyn Herzhauser, Staff Accountants, attended the annual FICPA Common Interest Realty Associations (CIRA) Conference in Ft. Lauderdale in November. Kathy Tushaus was the Chairwoman of this year's conference. The ladies attended two days of education regarding the CIRA industry (condominiums, homeowner, timeshare and co-op associations). The education focused on audit/review/compilation services, as well as tax aspects particular to each type of CIRA. The conference was attended by over 180 CPAs. Attendance at the conference shows Dwight Darby & Company's continued commitment to continuing education and participation in all aspects of the CIRA industry.

Dawn Lopez, Partner, received recognition from the FICPA for her presentation on the accounting profession to the 7<sup>th</sup> grade Algebra students at Burns Middle School in Hillsborough County during the 2010-2011 school year. The Accounting for Success program is an outreach initiative, designed to increase awareness of the accounting profession to students, kindergarten through college.

Congratulations to Cherilyn Herzhauser for passing all four parts of the CPA exam to obtain the designation of Certified Public Accountant.



Florida Institute of  
Certified Public  
Accountants

## CLOSING ENTRIES



## ANNIVERSARIES

The following Dwight Darby & Company employment anniversaries have occurred since our last newsletter:

**Kathy Tushaus** - 17 years in February

**Brian Flagg** - 14 years in January

**Bill Dennison** - 8 years in February

**Pam Mattox** - 4 years in February

**Dave Bove** - 1 year in January

**Erica Usry** - 1 year in January

## CLOSING THOUGHTS:

*"Let our advance worrying become advance thinking and planning."*

- Winston Churchill

*"Do the very best you know how, the very best you can; and mean to keep doing it until the end."*

- Abraham Lincoln



**Form 1040 Deadline is April 17th.**

**This newsletter is published for our clients and other interested persons. Since this information may be of a technical nature, no final decision should be made without first consulting our office.**

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