



# Alpha Omega Accounting, LLC

## Newsletter – May 2010

### Upcoming Class Schedule

We are in the process of updating our classes, in the mean time we will continue to offer the QuickBooks Basics class on the first Thursday and the first Saturday of each month. To sign up go to

Thursday afternoon: <http://quickbooksbasics.eventbrite.com/>

Saturday morning: <http://quickbooksbasics-saturday.eventbrite.com/>

The advanced class dates will be announced soon so watch your e-mail for details. You can also watch our website to see when new classes are available. A CD of all the classes will be made available soon to allow you to review them as often as you wish.

### Client Spotlight

David Custom Homes, located in Johnstown, Colorado, has over 27 years experience in all facets of custom home construction; including new construction and remodeling. Call or e-mail them for your next project.

- Framing & Siding
- New Construction
- Remodels
- Consulting
- Windows
- Decks

**Robert A. David, Owner**  
27 Years Experience  
Tel: 970-690-7033  
builderbob134@msn.com

### The new Hiring Incentives to Restore Employment Act (aka: the HIRE Act)

Hired anyone new lately? Your business may be eligible to participate in the recently signed HIRE act.



This act enables employers to take a credit toward payroll taxes for eligible employees. To be eligible they must have been on unemployment or worked less than a total of 40 hours during the 60 days prior to being hired. The problem with this is that you cannot ask them during the interview process or after hired if they were on unemployment.

Due to the new hiring regulations The IRS has recently released form W-11 and is available on their website at <http://www.irs.gov/pub/irs-pdf/fw11.pdf> . This form

is required under the new HIRE act. It must be filled out by new employees who are hired between Feb 3, 2010 and Jan 1, 2011. Only those who would qualify for the payroll tax exemption are required to fill this out. I highly recommend including it with the hire packet and have them fill it out with the W-2 and I-9. Make sure they realize this is an optional form that should only be signed if they are an eligible employee. The affidavit certifies that the employee has been unemployed or under-employed for the last 60 days. There are penalties and it is considered perjury if they sign this and are not eligible. It is not the employer's responsibility to verify the information provided.

The new hire act created two new tax benefits for hiring and retaining workers who were previously on unemployment. Upon hiring an eligible employee the employer is eligible for a 6.2% payroll tax incentive (this is the equivalent of the employer portion of social security) for wages paid on or after March 18, 2010 and on or before December 31, 2010. This is based on the check date not the payroll period. For each new employee meeting the above eligibility requirements who worked for you for a 52 week consecutive period you are also eligible for the new hire retention credit of 6.2% of wages paid up to a maximum of \$1,000 per worker on your 2011 tax return.

Neither of these affect the payroll withholding from the employee's paycheck, they are employer only incentives. Keep in mind this is only for those workers who were previously unemployed. If you hire someone who was not unemployed or who is a family member you are not eligible for either tax incentive. In addition this must be for a new position only unless you are replacing an employee who left voluntarily.

## Health Care reform Act

I have gotten several calls and e-mails about this legislation, most wanting to know how it will affect them. Don't underestimate this legislation, it will affect you but how is another question. That will depend entirely on your income level and employment status.

Starting with the year 2014 all legal residents of the United States will be required to maintain minimum essential health care coverage (this has not yet been defined). Those failing to maintain coverage will be subject to a fine of the greater of 2.5% of their income or \$695 per adult, ½ that per child not to exceed the national average for an annual health care premium at a "bronze level" (again this has not been defined). Right now it is estimated that the total household penalty would not exceed \$2,085.

In addition employers (with over 50 employees) would be required to pay a penalty of \$2,000 per employee for not offering coverage to its full-time employees that is affordable and meets the minimum requirement. This penalty would be for each employee who purchased insurance through the state exchange and that employee is eligible for a tax credit or cost-sharing reduction.



A surtax will go into effect beginning tax year 2013 of 3.8% on taxpayers earning over \$200,000 (\$250,000 on a joint return). This is called the unearned income Medicare contribution. This is a surtax on investment income including rental income, royalties and the sale of property including stocks.

Beginning with tax year 2011 employer provided health coverage including flex spending accounts would no longer cover over-the-counter medications unless prescribed. This will change how much you want to put into these plans because it no longer covers the same expenses.

A new Simple cafeteria plan will be available starting with tax year 2011. This is in effect a cafeteria plan designated for small business and self-employed individuals that would work similar to cafeteria plans offered by larger companies. This would allow businesses to provide tax-free benefits to their employees. This is one to watch carefully because it will be of great benefit to most small business owners.

There are a few provisions that went into effect this year. Small employers with fewer than 25 employees and with average annual wages less than \$50,000 are eligible for a 35% credit for the years 2010 through 2013. It is not clear yet if that is 35% of the insurance premiums, wages or of the penalty to be assessed.

Starting immediately children who have not attained the age of 27 are eligible to be covered by their parent's health insurance if that plan is provided by their employer. This also applies to self-employed individuals.

W-2 reporting will also change starting with the W-2's issued for the 2010 tax year. A new line has been added to disclose the value of the benefit provided to the employee for their health insurance



Other provisions not related to health care are also in this legislation. One of interest is that the adoption credits are increasing by \$1,000 and it will be a refundable credit. It is not clear if that will also apply to credits carrying forward from prior years.



**Cyndi Finkenbinder is the Owner of Alpha Omega Accounting and a Certified Public Accountant; she is also responsible for providing expert QuickBooks training to our clients. You can email Cyndi at: [cyndi@alphaomega-acct.biz](mailto:cyndi@alphaomega-acct.biz).**

## Should I Use Quicken or QuickBooks for My Business Finances?

We get asked this question a lot. When you are starting a business you probably want to save as much money as possible. QuickBooks costs more and has a bigger learning curve than its kid brother Quicken, but is the extra expense worth it? Scott Gregory has a post on his blog that answers that very question.

[Should I Use Quicken or QuickBooks for My Business Finances? by: Scott Gregory](#)

## Technology Bytes Back: Is your copy Machine a potential liability for identity theft?

Most copy machines (especially the larger business machines) that were manufactured after 2002 are digital copy machines. This means they have a hard drive that stores the images you have copied, printed, scanned or faxed over the life of the machine. The following video explains how these machines work and how they make information so vulnerable to misuse: <http://wimp.com/copymachines/>



If you have a copy machine you are getting rid of, make sure to wipe the hard drive first. We have tools in our office to do this for you. Don't put your business data or your employees and clients identities at risk. Remember, this also applies to computers, newer printers, fax machines, plotters and even some business phone systems which have hard drives in them too.



**Jared Finkenbinder is the Technology Solutions Manager at Alpha Omega Accounting, providing technical consulting and training to our clients. You can email Jared at: [tech@alphaomega-acct.biz](mailto:tech@alphaomega-acct.biz).**

### **Alpha Omega Accounting, LLC**

11 Rutherford Avenue • Johnstown CO 80534

970-344-7298 Phone • 303-845-9036 Fax

info@alphaomega-acct.biz • On the Web at: [HTTP://WWW.ALPHAOMEGA-ACCT.BIZ](http://www.alphaomega-acct.biz)