

# ROUTE 422 BUSINESS TAX PLANNING AND PREPARATION SERVICES GUIDE

## A Few of the Tax Changes for Corporations and Businesses



**By Anthony Mazzo**

As you are aware, there has been a major overhaul of the tax code with the Tax Cuts and Jobs Act. But what you may not know is everything that is changing for corporations and businesses. Curious what changes you can expect to see? Let's take a look at some of the major changes.

### Tax Rates

The tax rates for corporations have been reduced from 35 percent to 21 percent. This reduction officially began January 1, 2018, and is a permanent change. This will incentivize business to not only bring profits back into America, but also provide immediate benefits to employees in the form of bonuses, higher starting wages and increases in benefits provided.

### Pass-through Business

If you receive domestic qualified business income from a partnership, S Corporation, or Sole Proprietorship, you are now allowed to deduct 20 percent of that business-related income. The remaining income will be subject to normal individual tax rates. The deduction is only allowed to reduce any taxable income and does not reduce income subject to self-employment tax. The deduction is also not allowed for businesses offering certain personal services.

- An activity generally considered to be entertainment, amusement or recreation.
- Membership dues with respect to any club organized for business, pleasure, recreation, or other social purposes.
- A facility or portion used in connection with any of the above two items.

Along with these changes, there have also been changes in that deductions are not allowed for qualified transportation fringes (vanpooling, bicycling, and work-related parking costs), with the exception of ensuring the safety of an employee.

The deduction rate phases out for joint filers with income between \$315,000 and \$415,000 and between \$157,500 and \$207,500 for others.

However, you are still able to deduct 50 percent of food and beverage expenses that may occur with operating your business; this includes meals that employees have while traveling for work.

The reason for this provision is to provide an alternate limitation based on wages and capital. There are some restrictions on the limitation so be sure to reach out to us to learn more.

To learn more about the tax reform changes for both individuals and business, check out Tony's Tips on [www.amazzoaccounting.com](http://www.amazzoaccounting.com). Also, should you have any questions about the changes, don't hesitate to give us a call at 610.775.9216.

### Entertainment Expenses

There have been a few major changes when it comes to entertainment expenses. The first one being that deductions are not allowed when it comes to the following three items:

*Anthony Mazzo is owner of A Mazzo Accounting located in Kenhorst, PA. Tony assists many businesses with their accounting needs including payroll, bookkeeping and tax preparation. They also assist individuals with their tax preparation.*



**Trust A.Mazzo Accounting Services with**  
 Start-Up Consulting  
 Business Accounting Services  
 Business & Individual Tax Preparation & Planning  
 Payroll Services  
 - over 30 years of experience -  
**Contact us today for a consultation.**

**A.MAZZO**  
 ACCOUNTING SERVICES

901 Fern Avenue • Kenhorst, PA 19607  
 610.775.9216 • [amazzoaccounting@comcast.net](mailto:amazzoaccounting@comcast.net)  
[www.amazzoaccounting.com](http://www.amazzoaccounting.com)



### Karlene's Consulting

**Karlene A. Novotny**  
 Professional Accountant/Owner






Specializing in Tax Preparation, Accounting  
 and Bookkeeping Services

560 Baptist Church Road, Spring City, PA 19475

**610-745-2350**

[k\\_consulting@comcast.net](mailto:k_consulting@comcast.net)

**Specialized knowledge in:**

-  Tax preparation
-  Small business accounting
-  Part-Time CFO Service
-  Payroll services
-  Strategic business planning



Great accounting starts with great listening. We care about your success.



**RYDER & COMPANY**

Contact us today for a free consultation:  
610-670-6170 or ron@ryderco.com



**ARE YOU SHOWING A PROFIT, YET HAVE NO MONEY IN THE BANK?**

Your numbers are trying to tell you something.

If you only take a close look at your numbers annually or even quarterly, you could be missing a serious gap in your accounting practices.

Controller onDemand creates an effective accounting process that delivers an accurate financial picture to our clients all year long – not just at tax time.



[www.controller-ondemand.com](http://www.controller-ondemand.com) | 484.366.6202

## Inability of PA Tax Collectors to Accept Prepayments AND Recent Guidance From The IRS



**Barry D. Groebel, CPA;**  
**Partner, Herbein CPAs**  
**+ Consultants**

Although the prepayment of real estate property taxes seemed like a good idea at the time – we soon discovered that, unfortunately, it was not possible to prepay property taxes in many PA jurisdictions. It was determined that none of the tax collectors in Berks, Chester, and Montgomery Counties would accept prepayments, while Philadelphia would.

Then, on December 27, 2017 the IRS published the attached advisory document regarding prepaid real property taxes. Based on this IRS advisory it appears that in order for a 2017 prepayment of 2018 real property taxes to be deductible in 2017 the taxpayer had to have received an actual bill or assessment of the 2018 tax due. Without an actual, not an estimated, bill or assessment the prepayment in 2017 would not be deductible in 2017.

### CONCLUSION

Based on the above information, our current suggestion with respect to the prepayment of real estate property taxes is as follows:

- If the taxpayer has received or can obtain an actual bill or assessment of the 2018 real estate property taxes due a **prepayment of those taxes in 2017 should be deductible.** However, it is important to determine whether the taxpayer is subject to *Alternative Minimum Tax (AMT)*, in which case prepay the tax in 2017 will not be beneficial.

- If the taxpayer has not received an actual bill or assessment of 2018 tax and would be prepaying an *estimate* of the 2018 real estate tax due, then the 2017 prepayment of the *estimated* 2018 real estate property tax **would not be deductible in 2017.**

Also, during the preparation of 2017 returns, taxpayers will need to consider and address the deductibility of 2017 prepayments of *estimated* 2018 real estate property taxes that they made prior to issuance of the IRS advisory.

## Breslow's Bookkeeping Business




Breslow's Bookkeeping Business of Collegeville is dedicated to assisting small business owners to obtain a successful business, by providing accurate bookkeeping services. Beth Breslow, the

owner has over 15 years of accounting experience and is a Quickbooks ProAdvisor. She has the experience and knowledge to accommodate your bookkeeping needs.

As articulated by the US Small Business Administration, "Half of all new small businesses fail within the first five years, and the number one cause of failure is financial mismanagement." As a small business owner, you need to be aware of the critical role bookkeeping plays in successful businesses.

Have you ever thought "Does my small business need bookkeeping?" **YES!!** Below are reasons why Breslow's Bookkeeping Business is important for your business...

*(Continued on page 16)*





**Breslow's Bookkeeping Business**  
Serving Collegeville and the Surrounding Areas  
Beth Breslow • 215.272.5217 • [bethbreslow@gmail.com](mailto:bethbreslow@gmail.com)  
[www.breslowbookkeeping.com](http://www.breslowbookkeeping.com)

Specialized knowledge as a QuickBooks ProAdvisor helping your business with the following:

- Financial Reporting • Budgeting
- Monthly Bank & Credit Card Reconciliations
- Accounts Receivable & Payables
- Client Invoicing • Payroll Processing

**Save Time & Money**  
Utilizing a Bookkeeper vs. a Full Time Office Employee






**TAX, ACCOUNTING & FINANCIAL SERVICES**

**Phone: (610) 367-8280**  
[www.barryweller.com](http://www.barryweller.com)

- Personal Income Tax
- Corporate Income Tax
- Payroll & Sales Taxes
- Retirement Plans & Investments

Enrolled Agent  
Licensed to represent  
taypayers before  
the IRS

**New Location: 19 N Reading Ave., Boyertown PA 19512**

Securities offered through Questar Capital Corporation (QCC). Member FINRA/SIPC. Advisory Services offered through Questar Asset Management (QAM) a Registered Investment Advisor. Barry Weller & Associates, Inc. is independent of QCC and QAM.

(Continued from page 15)

- Every business owner must pay taxes. You cannot file and meet your tax obligations without accurate bookkeeping. Handwritten notes or a year's worth of receipts will not be satisfactory. Reports are necessary because they clearly break down your company's cash flow during tax time. Hiring Breslow's Bookkeeping Business will make this possible. If you are not tracking your expenses, chances are your tax bill is going to be higher. Why is that? Because expenses reduce your net revenue. Think about it...the lower your bottom line, the less Uncle Sam collects in taxes from you.

- As a small business owner, do you know which customers still owe you payment for your services already completed? Breslow's Bookkeeping Business can relieve you of this stress. Rest assured that invoices are being sent out and the payments are being received. As your business grows, you will need systems to track your earnings. At the end of the day, you will have a handle on your cash flow and what you personally take home as income.

- Do you know if your small business is going to make a profit in 2017? Without Breslow's Bookkeeping, it is going to be difficult to determine if your business is profitable. Keeping accurate books allows you to see inflow vs. outflow. As a result, you know if your business is truly profitable.

The truth of the matter is that every business needs a bookkeeper. By utilizing my services, you will be saving money. How you ask? As a business owner, you can forget about the numbers and focus on what you do best.... growing your business and turning a profit. I will provide you with an understanding of what is happening in your business and what the future looks like.

**Breslow's Bookkeeping Business can make 2018 your most profitable year yet! Mention this article and receive \$50 off your first month's service.**

To inquire about Breslow's Bookkeeping Business, please contact Beth Breslow at 215.272.5217 or gather more information at [breslowbookkeeping.com](http://breslowbookkeeping.com)

## Barry Weller & Associates

Barry Weller grew up in Boyertown, and after graduating from Boyertown Area High School, he pursued his accounting degree from Kutztown University. After working in the private sector for several businesses as an accounting supervisor, manager and controller, he pursued his dream and began his tax, accounting and financial services practice.

He started small working from his home office and sub-leasing office space on an "as-needed" basis. Then, in 1997, he hired an associate and leased office space at 100 S. Chestnut Street, Boyertown. By January 2005, Barry Weller & Associates had added another full-time associate and a part-time receptionist and moved three blocks into 216 E. Philadelphia Avenue. This was a great facility for the firm which allowed them to grow to a total of eight employees. For the next 12 years, their client base continued to grow. To be able to

serve their clients more effectively, in April 2017, Barry and Lovell Weller secured much larger office space and spent the next three months getting it ready for their firm to move in. On July 14th, the four-block move to 19 N. Reading Ave, Boyertown took place and another tax accountant was added to the staff.

Barry Weller and Associates have kept much of the history of this building, including the original brick flooring and marble walls in the entrance area. Additionally, the post office vault and the postmaster signage are other unique features. The facility was built in 1937 and served as the town's post office until 1992 when it was sold to a local bank who used the building for back office operations. Today, Barry and his staff provide bookkeeping, accounting, tax and other financial services to more than 100 businesses and 700 personal clients. For more information regarding their services, please visit their website [www.barryweller.com](http://www.barryweller.com) or call them at 610.367.8280.

Growth + Human Capital + Communication + Service



Michael Cross  
Cynthia Smith  
Michelle Burkins

1303 N. Charlotte St.  
Pottstown, PA 19464  
610-326-0599  
[www.herbein.com](http://www.herbein.com)

Our vision is to achieve excellence as the region's recognized leader in the industry through sustaining growth, developing our people, improving communication, and dedicating ourselves to client service.