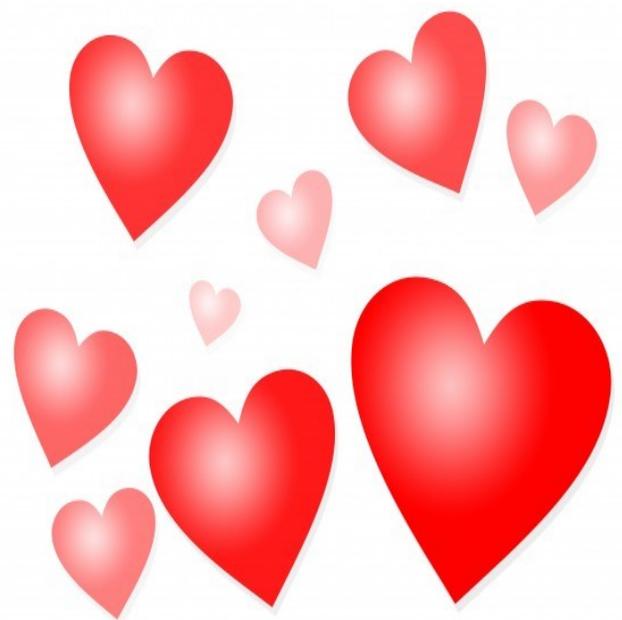


SBG Consulting, Inc.

Organizers, Questionnaires, and all available tax documents are due to SBG by March 1st!

Table of Contents:

- A Note from Sara.... Page 2
- SmartVault.... Page 2
- Client Spotlight.... Page 3
- Referrals ... Pages 3
- Vacation Homes.... Page 4
- SBA Emerging Leaders.... Page 5
- Real Estate.... Page 6
- When Disaster Strikes.... Page 7



A Note from Sara

The IRS issued final regulations regarding the 199A Qualified Business Income (QBI) deduction, all 284 pages, on January 18, 2019. Due to the late regulations, the software companies are feverishly working with the IRS to modify and update the various forms and reporting requirements, however not all revisions have been completed yet. We are expecting updates in the next couple weeks and therefore recommend not electronically filing business tax returns, including individual returns with Sch C and Sch E, until those changes have been implemented.

The accuracy penalty threshold for claiming the 199A deduction has dropped to 5% for the entire return. If the entire return has a substantial understatement of tax, even if it is not related to the 199A deduction, exceeds greater of 5% of the tax or \$5,000 the penalty to the taxpayer is 20%. In a nutshell, the IRS is making it much easier for them to penalize you for not reporting all your income or over reporting your expenses. If the QBI deduction is skimpy, you may want to consider not taking the deduction. If we find your deduction to be skimpy, we will discuss this with you before completing the return.

For personal returns, similar to last year where they retroactively allowed mortgage insurance to be deductible, it is possible that there may be additional law changes forthcoming that might warrant waiting to efile or extending your return to avoid needing to amend the return. We will address these on a case by case basis.

Where Do I Upload My Documents?



Email is not secure! Please use your SmartVault portal to send SBG your tax documents. From your dashboard, navigate to TY18, (tax year 18) then the Client Source Documents folder. You will see an upload button. If you have documents to send to Bookkeeping Matters, please use the "Send to Bookkeeper" folder. If you have any questions or need a password reset, just give us a call!

CLIENT SPOTLIGHT

Greybeard Aviation, LLC



Greybeard Aviation, LLC is a small, privately owned company that provides flight and ground instruction for all levels of aviators. Whether you're a brand new to the world of flying or working towards another rating, our instructors tailor their instruction to your learning style to help get you through your training safely and efficiently.



We offer lessons for sport, private, commercial, and instrument ratings in our company aircraft "JIL," a Cessna 182H, but our instructors are licensed and insured to conduct lessons and flight reviews in your aircraft also. Our instructors can also help you obtain other ratings as well, such as an Airline Transport Pilot, multi-engine certification, and even your flight instructor or glider rating as well.

Check out our website gbaviation.net to book a flight, learn about our courses, or get more information. You can also call us at (702) 625-5445 or email our chief pilot Jack at jack@gbaviation.net.

We Love your Referrals!

Our ongoing success depends upon your referrals. We are delighted to take care of your friends, family, and co-workers. We have received 10 referrals so far this month! Thank you!



Vacation Home Considerations

So, you are thinking about buying a vacation home. It has been said that the two best days of being a boat owner are *the day you buy it* and *the day you sell it*. The same can be said of buying and selling a vacation home. The purpose of this article is not to dissuade you from purchasing your dream vacation home and it should not be read in that light. Nevertheless, as with any other major purchase, it is always prudent to look before you leap. Against the backdrop of the old adage about boat ownership, here are some key considerations, when it comes to a vacation home.

Can You Afford It?

Obviously, if you do not have the money to buy something, then that alone should give you pause. Have you paid off the mortgage on your primary residence? If no, can you afford two mortgages? In addition to mortgage payments, what about the ongoing expenses like utilities, taxes, insurance premiums and maintenance costs? If you are thinking about financing your purchase in part by renting your vacation home between visits, then do your homework first. For starters, are vacation home rentals permitted in the community? If yes, what are the local laws, regulations and taxes? Logistically, how will you handle advertising, tenants and cleaning between stays?

Aside from being able to afford the initial purchase, ongoing expenses, and potential rental issues, will you be able to sell the vacation home quickly in an emergency? Although real estate is a solid investment, it is also a rather illiquid investment. In other words, unlike publicly-traded securities that are traded on major exchanges every day, it is much more difficult to sell real estate quickly, if necessary.

Will You Use It?

On the heels of “can you afford it,” make an honest assessment of whether you and our loved ones will use the vacation home enough to justify the purchase. It is easy to come off the high of a magical family getaway with everyone excited to later, rinse, and repeat the experience again and again. If your children are young, then you have a future of school activities, let alone the extracurricular sports, dance, band, theatre, choir, and summer camps ahead of you. Similarly, older children may have the same and other distractions. As a result, unless the vacation home may later become your retirement home, take some time before you sign on the dotted line and let the emotions settle after returning from that magical family getaway.

Will You Transfer It?

If you take the plunge and purchase a vacation home and continue to make magical family memories there, at some point ownership will be transferred either by default or by design. The latter is the preferred approach, while the former should be avoided at all costs.

Especially when your children have become adults, two obvious transfer options would be to sell the vacation home or to leave it as part of the inheritance for your family. Before selling it to a third party, you ought to first offer the vacation home to your children for purchase. If no one shows any interest, then none of them can complain if the vacation home is sold outside the family.

When it comes to leaving the vacation home as part of the inheritance, you have many options to consider. For example, you may create an estate plan that avoids probate of the vacation home in the state where it is located, while also facilitating its ongoing management for the family and/or tenants. Such an estate plan may include the creation of a revocable living trust and a limited liability company (LLC).

Conclusion

A vacation home can be a great financial and emotional investment under the right circumstances. Otherwise, you may be better off renting than buying.

© 2019 Integrity Marketing Solutions. All Rights Reserved.

Thank you, Dara Goldsmith from Goldsmith & Guymon, P.C. for letting us share!

SBA Emerging Leaders Opportunity

What is Emerging Leaders? Emerging Leaders is an executive education course for small businesses poised for growth. The curriculum gives small business owners an opportunity to gain knowledge and experience through a combination of 1) executive education; 2) practical tips based on “real-life” business experience, and; 3) advice from business leaders that can be readily applied.

Who is eligible for the Emerging Leaders Program?

- Be a small business owner of C-level executive (CEO, COO, etc.)
- Have annual revenues between \$250,000 and \$10 million
- Have been in business for at least three years
- Have at least one employee, other than self
- Make the time commitment required of the course
- Demonstrate the business is on the brink of growth or transition

Is there a cost? No, this **free** training program is offered by SBA at no cost to the participating small businesses

What is the time commitment? The initiative will begin in April 2019 and end in October/November 2019. In total, each participant can expect to commit approximately 100 hours to analyzing their business and planning for growth:

- 40 hours of in-class time, divided over 13 in-person sessions typically held every other week
- 12 hours in self-directed CEO mentoring groups
- 3-4 hours preparing for each session by completing out-of-class, practical session preparation

Where will classes take place? 300 South 4th Suite 400 Las Vegas, NV 89101

What will a small business get out of Emerging Leaders? Nationally, graduates from Emerging Leaders have:

- Created more than 2,400 new full-time jobs
- Secured federal, state, local and tribal contracts awards more than \$1 billion
- Accessed more than \$73 million in new financing
- 95% were satisfied with the Emerging Leaders program

What is the deadline to register? Interested applicants should register online at

www.interise.org/SBAEmergingLeaders by **March 15, 2019** MORE INFO: <https://www.sba.gov/>

about-sba/organization/sba-initiatives

U.S. SBA Nevada District Office
Barry Van Orden
Barry.vanorden@sba.gov
702-388-6674

About the U.S. Small Business Administration

The U.S. Small Business Administration makes the American dream of business ownership a reality. As the only go-to resource and voice for small businesses backed by the strength of the federal government, the SBA empowers entrepreneurs and small business owners with the resources and support they need to start, grow or expand their businesses, or recover from a declared disaster. It delivers services through an extensive network of SBA field offices and partnerships with public and private organizations. To learn more, visit www.sba.gov.

Do you own real estate activities?

IMPORTANT information you need to know:

IRS issued on January 18, 2019 Safe Harbor for rental activities and the 199A QBI deduction. If you wish to qualify under the safe harbor you must:

- Maintaining separate books and records for each rental activity
- 250 or more hours of rental services performed per year WITH contemporaneous records, including time reports, logs or similar documents reflecting hours description, date and who performed the services.
- The taxpayer must sign and attach to the K-1 or return indicating that the taxpayer is eligible for the new Rev. Proc. Safe Harbor

Rental services may be performed by the owner, employees, agents, independent contractors and management companies:

- advertising
- negotiating and executing leases
- verifying information in prospective tenant applications
- collection of rent
- daily operations
- maintenance and repair of the property
- management of the real estate
- purchase of materials
- supervision of employees and independent contractors

Bad news: Rental services do *NOT* include arranging financing, procuring property, studying and reviewing financial statements or reports on operations, planning, managing or constructing long-term capital improvements, or hours spent traveling to and from the real estate.

This is just a portion of the 284 regulations that were produced on January 18, 2019 (yes 2 weeks ago). As we become aware of more information, we will be updating you.



When Disaster Strikes

When disaster strikes, many business owners might find themselves needing to reconstruct records. This will help them prove a loss, which may be essential for tax purposes, getting federal assistance, or insurance reimbursement.

Here are tips for businesses that need to reconstruct their records:

- To create a list of lost inventories, business owners can get copies of invoices from suppliers. Whenever possible, the invoices should date back at least one calendar year.
- For information about income, business owners can get copies of last year's federal, state and local tax returns. These include sales tax reports, payroll tax returns, and business licenses from the city or county. These will reflect gross sales for a given period.
- Owners should check their mobile phone or other cameras for pictures and videos of their building, equipment and inventory.
- Business owners who don't have photographs or videos can simply sketch an outline of the inside and outside of their location. For example, for the inside the building, they can draw out where equipment and inventory was located. For the outside of the building, they can map out the locations of items such as shrubs, parking, signs, and awnings.

More Information: IRS Disaster Assistance Hotline at 866-562-5227 / Monday - Friday from 7 a.m. to 10 p.m. local time <https://www.irs.gov/newsroom/businesses-can-take-these-steps-after-a-disaster>

SBG CONSULTING & BOOKKEEPING MATTERS CORE VALUES/BELIEFS

Integrity – Embracing what is right even when no one is looking, by choosing to be accountable

Client experience – Going the extra mile to build valuable relationships

Teamwork – Proactively provide and request support, knowledge, tasks and ideas from my teammates

Resourcefulness – Choose communication, creativity, determination, passion, decisiveness, honesty, sincerity, and love

Enjoyment of work – Engaged intellectually and emotionally in my work and

Your SBG Consulting team is always there to help you!

Sara Graham, CPA, President
sara@sbgcpafirm.com

Aaron Merrill, CPA, Senior Associate
aaron@sbgcpafirm.com

Amber Trindle, Office Manager
amber@sbgcpafirm.com

Kenzie Wilson, Office Assistant
kenzie@sbgcpafirm.com

Cherie Gouker, Office Assistant
cherie@sbgcpafirm.com



SBG CONSULTING &
BOOKKEEPING MATTERS
7930 W Sahara Ave.
Las Vegas, NV 89117