

# SBG Consulting, Inc. & Bookkeeping Matters, LLC

Thank you to everyone who came to our Informative Open House!



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# CLIENT SPOTLIGHT



  
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Jill Lamonte is a Realtor in Las Vegas with Berkshire Hathaway Home Services. She has lived in Las Vegas since 1974 and attended Orr Junior High, Valley High School and UNLV where she received a BA in Marketing & Advertising. Jill was part of the opening team at the Mirage and Bellagio Hotels in marketing where she managed the Branch Office operations. She went on to a career in Food Distribution Sales where she represented major food and non-food manufacturers such as Hormel & Georgia Pacific and sold products to local restaurants as well as major hotels in Las Vegas and the surrounding areas.

Something greater was calling out to Jill....“Selling Real Estate was something that I always was interested in doing. Having lived in Las Vegas for quite some time and having developed long lasting relationships, along with my love of homes and design, it seemed like a natural progression for me. Nothing has been more gratifying to me than having the ability to assist people with their real estate needs. I build my business upon relationships, trust and follow through! Allow me to leverage my background and knowledge to work for you! My team and I can provide you with an exceptional experience that will make your home buying or selling process seamless every step of the way.”

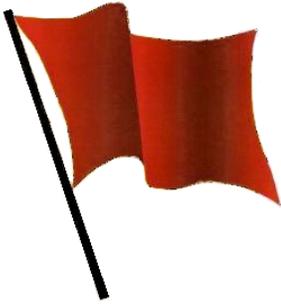
Are you interested in having your business featured in our monthly client spotlight? Please email a short bio along with any links or graphics you would like included to [amber@sbgcpafirm.com](mailto:amber@sbgcpafirm.com).



## IRS Transcripts

Effective January 1, 2019, the IRS will cease faxing IRS transcripts, which means the only way to get IRS transcripts is online using [irs.gov](http://irs.gov) or through an ISP (Intermediate Service Provider). SBG Consulting and Bookkeeping Matters will access IRS records via an ISP. We will access your IRS records using Tax Help Software. Tax Help Software has been in existence since 2010 and is the only ISP that does NOT have access to the transcripts since they are downloaded and processed directly on our computer. For more information visit

[https://www.taxhelpsoftware.com/About\\_Us.html](https://www.taxhelpsoftware.com/About_Us.html).



# Red Flag Corner—Part 2

## The *Wayfair* Decision and Impacts on Your Business

On June 21, 2018 the Supreme Court of the United States handed down a historic decision in the sales and use tax nexus case *South Dakota v. Wayfair, Inc.* The 5-4 ruling overturns physical presence standards upheld in previous cases, such as *Quill Corp. v. North Dakota* (1992) and *National Bellas Hess Inc. v. Department of Revenue of Illinois* (1967-), where a business had to have a physical presence in the state for the state to impose sales and use tax collection obligations on the business.

### Nexus

Nexus describes the amount and degree of a taxpayer's connection with a state before the taxpayer becomes subject to the state's taxing jurisdiction. If a taxpayer has established sales and use tax nexus, the state will require the taxpayer to register, collect and remit sales and use taxes on sales made to purchasers in that state.

States exercise their power to tax through statutes, case law, regulation or policy. Generally, state statutes are broadly written and include phrases such as "doing business in" or "deriving income from" to describe activity that will trigger nexus and thus a filing obligation. Statutes tend to vary from state to state.

In recent years, many states have become more aggressive in enacting various statutes that require out-of-state sellers to collect and remit sales tax. Over half of the states that impose a general state-wide sales taxes now have addressed a form of "economic" nexus, where nexus is generally established based on a certain threshold of economic activity in a state rather than just a physical presence.

### Significance of the *Wayfair* case

In 2016, South Dakota passed an economic presence statute that required out-of-state sellers to collect and remit sales tax as if the seller had a specified level of activity in the state. This new standard applied if the business delivered more than \$100,000 of goods or services in South Dakota or engaged in 200 or more separate transactions in South Dakota in the current calendar year or the prior calendar year. The case was ultimately heard by the U.S. Supreme Court, which concluded that the physical presence rule of *Quill* is "unsound and incorrect." By overturning *Quill*, the Court opened the possibility for states to impose sales tax collection obligations (and perhaps other taxes) based on economic presence.

### Taxpayer considerations

The U.S. Supreme Court's decision in *Wayfair* will affect companies that have economic presence in a state that meets that state's nexus standard within the Court's new ruling. It especially impacts online businesses where, in the past, the lack of a physical presence prohibited a state from imposing sales and use tax collection requirements on those businesses. Most immediately, out-of-state sellers that deliver goods or provide services into a so-called "economic presence" state will need to determine if the business exceeds the state's specific economic sales or activity thresholds, generally in the prior calendar year or previous 12 months. Currently, at least 25 states have enacted economic nexus models with varying enforcement dates. Other states are issuing nexus guidance suggesting economic nexus policies may be enacted. Sellers may need to conduct an analysis on each state that has adopted, or plans to adopt, economic nexus threshold requirements for sales and use tax collection to ensure they are in compliance with all jurisdictions (state and local) in which they have customers. It is also reasonable to expect that states may use this ruling to determine economic nexus thresholds for state income tax purposes as well.

### Now is the time to review your sales and use tax compliance requirements.

The landscape of sales and use tax compliance has been significantly altered with the recent *Wayfair* decision, especially for online sellers. It's important to understand where your business has nexus and how the recent ruling may impact your taxes and reporting requirements.

If you would like to discuss the impact of the case on your business, please call our office today at 702-320-9200. There is software that specializes in helping businesses like yours, not only track but file sales and use tax returns for the various states and more than likely the most cost-effective way of filing. We can conduct a multistate nexus review for your business and provide tax planning guidance.

# A Note from Sara about Policy Changes for 2019

The definition of insanity is doing the same thing over and over but expecting a different result. I have been INSANE by sacrificing my life so that I could get tax returns done by each deadline. Yes, I picked accounting as a career. Yes, I enjoy helping clients solve their business and tax issues. And yes, I allowed it. However, I did not choose what has become an insane deadline workload, and now I must make it stop.

As in prior years, this January we set drop-off dates, with which most of you didn't comply and, true to form, we made exceptions for you. We then tried instituting rush or expedite fees to encourage clients to meet those deadlines, which were ignored. For the 2017 tax year, we communicated to clients that these deadlines were hard deadlines and no exceptions would be made. Yet, we still had clients who didn't believe us, including one who said, "Oh, that was just for legal purposes. It didn't apply to me". And yet again, I worked 7 days a week to accommodate.

Some of you may wonder why I get stressed out, cranky, and tired. A normal workday is 8 hours, and the average hours worked in a month is 173.33 (2,080 hours per year divided by 12). Here is how my monthly hours compared:

June normal hours - 173.33

My hours - **179.99** Not bad considering it was the heart of the summer.

July normal hours - 173.33

My hours - **177.69** Again, not bad. But if clients would have met our deadlines, the next three months would not have been so brutal.

August normal hours - 173.33

My hours - **231.53** I worked every day except the 19<sup>th</sup> and 26<sup>th</sup>. That's 2 days off in 31 days.

September normal hours - 173.33

My hours - **229.93** I worked every day except the 2<sup>nd</sup> and the 23<sup>rd</sup>. Again, only 2 days off in 30 days.

October 1-15 normal hours - 86.67

My hours - **150.09**

In addition to my time, my staff spends countless time and effort just collecting your information so that we can provide you with a complete and accurate return. Most of our time is spent (wasted) chasing clients for their documents and expenses. Chasing clients for information, along with stopping and starting returns, has caused my costs for payroll to skyrocket. My receptionist spent most of her time repeatedly emailing and calling clients to get their information. Even our highly skilled tax preparers wasted time emailing and calling for information or answers just to keep the processes flowing. And to make matters worse, most of these repeated communications happened because we needed to obtain information that is required every year (two examples being business mileage and charitable donations).

It doesn't matter how much or if clients pay me, if they are considerate of the tidal wave of work we get during certain times of the year, if they appreciate my work, or even treat us well (although all of these do help tremendously and do not go without much gratitude). The insanity must stop. It is not good for me and it certainly is not good for the client. Therefore, I will be implementing changes for 2019, hopefully for the good of us all, the clients, the staff and myself.

Putting in excess hours to accommodate those who have a clear lack of respect for what I (we) do for them isn't fair to those clients who do respect us. Less stress and less 7-day work weeks mean more time to truly help clients who want the help throughout the year, not just at tax time. It means I can take the time to discuss returns with clients before and/or after our engagement is complete without either of us feeling rushed. Does that mean we will lose clients? It probably does, but that also means that those clients who wish to stay with us and cooperate with timely documentation/information exchange will have more opportunities to meet with us and plan for today and their future.

## Procrastinators Beware

A client's lack of urgency will no longer become my (our) emergency. Do not expect miracles in the heart of the tax season, in the middle of your tax preparation, or overtime on our part due to your own procrastination. Clients must plan ahead and reach out to us when needed so we can be proactive, not reactive. Life is short, and I want 2019 to be a better year for all of us.

## New for 2019

We will clearly communicate deadlines to you in your Statement of Work (engagement letter) and in the monthly newsletter. Clients will be responsible for reading these documents and complying with deadlines. We will no longer chase clients for their information. Each client knows what is needed and when it is due. This does not mean that we will not kindly remind you of something that may have been overlooked; it does mean that we will only send one request via email and one phone call.

There will be hard deadlines in which to provide us information (see additional information below). That means ALL information. The only exception will be those waiting for K-1s to be provided to them, which is beyond your control and ours. These hard deadlines will be communicated to you in your Statement of Work and the newsletters.

The organizers and questionnaires will be sent to each client with plenty of time to complete and return. These are for the client's benefit, and we must insist they be answered or completed where indicated. No longer will "same as last year" or not answering or completing them be acceptable. As I have indicated in the past, the organizer does not have to be filled out in its entirety. It can be used as a guide as it indicates previous year amounts to assist you with what is needed for the current year. If an item no longer exists or is not applicable, please indicate so in the organizer. Example: Morgan Stanley account 1234567 was closed in 2017, therefore, there will be no 2018 consolidated 1099. You can write "account closed - no 1099." If Sch. C or E is applicable, please complete with all relevant information. Not only does this allow for the schedule to be completed accurately, but there is also a new 199A deduction for 2018 which will require additional calculations.

Rush fees are gone and have been replaced with hard deadlines – no exceptions. Do not expect us to work over-time. We may do so at our discretion, however, this should NOT be expected or relied upon.

Again, hard deadlines will be communicated in the Statement of Work and newsletters. Information furnished through that date will be used to complete automatic extensions. How is this different or what does this mean? The more information we have, the more accurate your extension will be. If the actual tax owed when the tax return is completed is more than the amount paid with the extension, the IRS will assess penalties and interest from the original due date to the date the tax is actually paid. This penalty is .5% for each month or part of a month. The interest rate varies depending on the applicable federal rates. An extension is time to file a complete and accurate return and is NOT an extension of time to pay the tax. The IRS requires the total amount of tax owed with the extension.

We will begin preparing returns ONLY after ALL tax documents and information have been provided to us. As indicated previously, starting and stopping a return is not cost effective and I can no longer carry that burden. If this cost is incurred, it will be passed on to the client who incurred it.

## In conclusion

What really saddens me is that those who truly care, try hard to respect what we do, communicate with us, and meet the deadlines are probably the only ones reading this right now. Unfortunately, those who are party to the following probably can't be bothered to read this article:

- expected tons of service and then fight about the bill

- expected us to rush and work nights and weekends because it took them months to finally decide to sign the service agreements or return the questionnaire

- did not provide us with their financial statements and/or QuickBooks until 8 months after year-end

- treated me or my team poorly

I truly hope that I am wrong and all clients are reading this. (That means you are also reading the newsletters, posts on Facebook, and all the information that we try to provide to you on a timely basis that is relevant to you and/or your business, right?) I hope that you will work with me (us) to improve upon all of our inefficiencies (I have them too and am trying really hard to improve) so that together we can make 2019 run smoothly and successfully for us all.

To end on a happier note, I have enlisted the help of another CPA, Aaron Merrill. Aaron just completed his first 3 months with SBG Consulting and wants to stay. Yay! He is still eagerly learning not only tax and accounting, the new tax law, but also who each one of you is and your unique business. You will be meeting Aaron during our tax planning meetings and next year during the tax filing season.

As always, we welcome your suggestions on how we can improve.

# 2019 Filing Season May Be Delayed

Please note, this does NOT mean any deadlines have changed. It means that the dates tax forms will become available to us may be delayed, which will give us a shorter filing window and potentially require more extended returns.

**TIGTA Says the 2019 Filing Season May Be Delayed:** According to a report recently released by the Treasury Inspector General for Tax Administration (TIGTA), the 2019 filing season may be delayed for several reasons. First, to implement the Tax Cuts and Jobs Act (TCJA), the IRS will need to create or revise approximately 450 forms, publications, and instructions. In addition, the agency will have to modify about 140 information technology systems. TIGTA found that the IRS's Information Technology organization missed its normal deadline of January 31 to submit work request notifications and business requirements. Delays in receiving this information will result in less time for modifying and testing systems. Second, the IRS may struggle in quickly filling critical positions that were vacated by employees or contractors. Finally, as of 7/16/18, the IRS had not provided any documentation of any ongoing projects or programs that will be negatively affected by the implementation of the TCJA. The full report may be accessed at [www.treasury.gov/tigta/auditreports/2018reports/201824064fr.pdf](http://www.treasury.gov/tigta/auditreports/2018reports/201824064fr.pdf) .



## Recommended Resources

Feeling stressed about keeping track of all your records?  
Here are a few apps we love.

### Manage your receipts

SmartVault - free for SBG & BKM Clients [www.smartvault.com](http://www.smartvault.com)

Send and receive files the smart way. Emails are not secure!

The Neat Company [www.neat.com](http://www.neat.com)

Expensify [www.expensify.com](http://www.expensify.com)

### Track your mileage

MileIQ [www.mileiq.com](http://www.mileiq.com)

Video conference or screen share with your SBG or BKM staff member

Zoom [www.zoom.us](http://www.zoom.us)



## 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 celebrate with my team

Your SBG Consulting and Bookkeeping Matters team is  
always there to help you!

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