

SBG CONSULTING, INC. & BOOKKEEPING MATTERS, LLC

**THE IRS DEADLINE FOR EXTENDED
PERSONAL 2017 RETURNS IS
OCTOBER 15TH.**

**HAVE YOU SUBMITTED ALL REQUESTED
TAX DOCUMENTS TO SBG AND BKM?**

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CLIENT SPOTLIGHT



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.

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 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).

New Electronic Signature Procedure



If you have signed your Form 8879 using RightSignature recently, you probably noticed that the process is a little different now. The IRS now requires KBA (Knowledge Based Authentication) for electronic signatures. Therefore, you will be asked a series of questions formulated to verify your identity before you sign. If for some reason you are unable to correctly answer these questions, you will be locked out of the document. You will then need to print and sign Form 8879 and upload it to your SmartVault or come by the office and sign in person. You can always call Kenzie or Amber if you are having any trouble.



Red Flag Corner

From Fierce to Tame—Part 1



The IRS audit without qualified bookkeeping assistance



The IRS audit WITH Bookkeeping Matters, LLC

There are always changes with tax code and allowable business expenses. We are here to help through the ever-changing requirements. Our staff recently took a forensic accounting class which educated us on which bookkeeping as well as recordkeeping practices likely lead to a state or federal audit.

Two areas where we can help you be compliant:

1. 100% Business Expenses

- The IRS looks for 'mixed' purchases being paid for by the business. Simplified example: Business owner goes to an office supply store to purchase pens (\$15.00) for the office, but while there also purchases some school supplies (\$10.00) for his children and decides to get some cash back for his wallet (\$20.00). The business owner charges the entire \$45.00 and tells his accountant it was Office Supplies. During an audit, the auditor notes the \$30.00 personal use items and decides to review ALL receipts. If the auditor notices a pattern, he could disallow expenses on the basis that the owner mainly paid for personal items. If these amounts were large and consistent enough, it could lead to a criminal investigation.

We will help you to identify business versus personal or family use items. We can offer options for how to pay for business items while keeping your personal items separate from your business accounting, thus offering you an extra layer of protection against raising a red flag.

2. Receipt Retention

- Typically, you only need to keep your documentation for about three years from your file date. However, if it is determined that your return substantially understates your income (for example not all income was recorded), then the statute of limitations doubles to six years from when you filed. Also, if there is a determination that you *failed to file* or filed fraudulently, you need to keep your documentation forever because there is no statute of limitations in that event. In summary, you must maintain your records for as long as your return is subject to audit by the IRS.

We can provide an online secure cloud-based document storage and file sharing service for you to keep electronic/digital/PDF copies of your receipts. We can also help you to find an app that may help you to automate this step. Ask us!

Stay tuned for Part 2 in our October newsletter.

Utility and Card Skimmer Scam Alerts

Don't let this happen to you!

Utility Scam

NV Energy recently sent out an email alerting customers to utility scams. NV Energy will NEVER call or visit your home or business to demand immediate payment and/or threaten immediate service disconnection. They will also never come to your home offering an unscheduled Home Energy Assessment or Smart Thermostat installation.

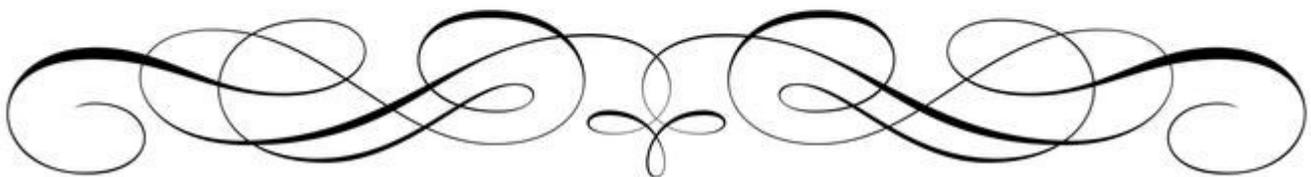


Gas Pump and ATM Skimmers

- Use your eyes: Always take a good look at the pin pad and card reader BEFORE inserting your card. Check for tamper-evident stickers. If something looks suspicious, do not swipe your card.
- Use your fingers: Wiggle the ATM card reader to see if it's loose. Or is it hard to insert your card? If it doesn't feel right, terminate the transaction immediately.
- Use your phone: There are now apps you can use that can alert you if a skimmer is near you. Using Bluetooth technology, the app can detect skimmers 5-15 feet from your phone. If a skimmer is detected, use a different pump, or go to a different gas station. One such app is the Skimmer Scanner Android app.
- Use common sense: Always use fuel pumps or ATMS in safe places that get a lot of traffic. Be cautious of non-bank ATMs located at night clubs or convenient stores. These are more easily accessible to skimmers because no one is around them for a long time. And cover the pin pad when you enter your pin. You never know when a pinhole camera has been setup nearby to record your pin number!

Sometimes, even taking the steps above cannot prevent this fraud from happening. Law officers and gas pump and ATM experts suggest:

- Pay inside with cash or credit, rather than at the pump.
- Choose a pump closest to the physical building for safety reasons.
- Use a credit card, not a debit card. If thieves have your pin, they have access to ALL of your cash.
- Set up fraud alerts on your credit cards and CHECK YOUR STATEMENTS EACH MONTH to verify each transaction.
- Consider paying with your digital wallet, like Apple Pay or Android Pay. Then there's no physical card to skim.



The Greatest Milestone of all...Life in Retirement

By Freedman Financial

Did you know that 80% of all people who ever lived to age 65 are alive today? So with so many people between 65 and “death”, we thought we’d share a compilation of things to do...

SPEND YOUR MONEY – This isn’t your father’s retirement. One of the biggest “Ah-Ha’s” that emerges from a financial planning meeting is that you’re not spending enough money.

STOP WORRYING ABOUT THE KIDS’ FINANCES – Your kids are grown adults – perhaps they have children of their own. For decades you provided food, shelter and support. Today they are employed, and likely getting paid more than you ever did. They’re living a better life than you, but you’re inclined to still support them. Why?

STAY HEALTHY – Walk, eat well and get your sleep. As you age it’s tougher to recover from illness. Schedule routine visits with your doctor and be mindful of your health. Set a good example. Take the advice you imparted on the kids.

KEEP YOUR LOVE ALIVE – With retirement comes more time to spend together. Spend time thinking about what you both enjoy doing together (besides eating out). Got nothing? You’re not alone. Try something new. Touring, cooking classes, biking, learning a language. “You are not old as long as you have intelligence and affection.”

STAY PROUD – Keep visiting the hair salon or barber, do your nails, visit the dentist, and buy new clothes periodically.

KEEP UP WITH THE TRENDS – Keep your sense of style but stay attuned to today’s trends (for your age). Go for it. Try those expensive jeans (around \$200), they fit far better than standard “wranglers” (and they last longer). How about a new hairdo or trendy sunglasses.

LAUGH – Laugh A LOT. Laugh at everything. Remember, you are one of the lucky ones. You managed to have a life, a long one. Many never get to this age, never get to experience a full life. But you did. Find the humor in your situation.

STAY CURRENT – Read newspapers, watch the news. Go online and read what people are saying. Make sure you have an active email account and try to use some of those social networks. You’ll be surprised what old friends you’ll meet. Keeping in touch with what is going on and with the people you know is important at any age.

GIVE THE KIDS A CHANCE – The younger generation is full of opinions and they may not be shared by you or your generation. Give advice, not criticism, and try to remind them that yesterday’s wisdom still applies today.

AVOID “IN MY TIME” – Your time is now. Yes, you were younger, but you’ve got to live for today. Have fun and enjoy life.

BE HAPPY – Spend your time with positive, cheerful people, it’ll rub off. You get to choose your friends why waste time surrounded by bitter folks

REINVIGORATE LOST HOBBIES – If you don’t have any, make new ones. You can travel, hike, cook, read, dance. You can adopt a cat or a dog, grow a garden, paint, volunteer or just collect certain items. Find something you like and spend some real time having fun with it.

ACCEPT INVITATIONS – Get out of the house and meet people you haven’t seen in a while. Experience something new (or something old). But don’t get upset when you’re not invited.

Source: <https://www.freedmanfinancial.com/blog-post/greatest-milestone-life-in-retirement>

What Kind of Records Should I Keep?

According to the IRS...

You may choose any recordkeeping system suited to your business that clearly shows your income and expenses. The business you are in affects the type of records you need to keep for federal tax purposes. Your recordkeeping system should include a summary of your business transactions. This summary is ordinarily made in your business books (for example, accounting journals and ledgers). Your books must show your gross income, as well as your deductions and credits. For most small businesses, the business checking account is the main source for entries in the business books.

Some businesses choose to use **electronic accounting software programs** or some other type of electronic system to capture and organize their records. The electronic accounting software program or electronic system you choose should meet the same basic recordkeeping principles mentioned above. All requirements that apply to hard copy books and records also apply to electronic records. For more detailed information refer to [Publication 583, Starting a Business and Keeping Records](#).

Supporting Business Documents

Purchases, sales, payroll, and other transactions you have in your business will generate supporting documents. Supporting documents include sales slips, paid bills, invoices, receipts, deposit slips, and canceled checks. These documents contain the information you need to record in your books. It is important to keep these documents because they support the entries in your books and on your tax return. You should keep them in an orderly fashion and in a safe place. For instance, organize them by year and type of income or expense.

The following are some of the types of records you should keep:

Gross receipts are the income you receive from your business. You should keep supporting documents that show the amounts and sources of your gross receipts. Documents for gross receipts include the following:

- Cash register tapes
- Deposit information (cash and credit sales)
- Receipt books
- Invoices
- Forms 1099-MISC

Purchases are the items you buy and resell to customers. If you are a manufacturer or producer, this includes the cost of all raw materials or parts purchased for manufacture into finished products. Your supporting documents should show the amount paid and that the amount was for purchases. Documents for purchases include the following:

- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred
- Cash register tape receipts
- Credit card receipts and statements
- Invoices

Expenses are the costs you incur (other than purchases) to carry on your business. Your supporting documents should show the amount paid and a description that shows the amount was for a business expense. Documents for expenses include the following:

- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred
- Cash register tapes
- Account statements
- Credit card receipts and statements
- Invoices
- Petty cash slips for small cash payments

Travel, Transportation, Entertainment, and Gift Expenses

If you deduct travel, entertainment, gift or transportation expenses, you must be able to prove (substantiate) certain elements of expenses. For additional information, refer to [Publication 463, Travel, Entertainment, Gift, and Car Expenses](#).

Assets are the property, such as machinery and furniture, that you own and use in your business. You must keep records to verify certain information about your business assets. You need records to compute the annual depreciation and the gain or loss when you sell the assets. Documents for assets should show the following information:

- When and how you acquired the assets
- Purchase price
- Cost of any improvements

- Section 179 deduction taken
- Deductions taken for depreciation
- Deductions taken for casualty losses, such as losses resulting from fires or storms
- How you used the asset
- When and how you disposed of the asset
- Selling price
- Expenses of sale

The following documents may show this information.

- Purchase and sales invoices
- Real estate closing statements
- Canceled checks or other documents that identify payee, amount, and proof of payment/electronic funds transferred

Employment taxes

There are specific employment tax records you must keep. Keep all records of employment for at least four years. For additional information, refer to Recordkeeping for Employers and Publication 15, Circular E Employers Tax Guide.

Stay tuned for details about our upcoming Open House at the end of October. We will be providing information about tax planning for the coming tax year and enjoying some spooky fun!

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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