

Tax Chatter

October 9, 2013

A publication of The Tax Advantage, LLC

It is our mission to educate and inform our clientele about taxes, running a business, and other current events that may impact their lives. Our primary focus is on the small business owner and the individual taxpayer.

Inside This Issue

- 1 Free Review Clinic
- 1 Win \$50.00!
- 2 Tax Payer Beware continued...
- 2 What's going on at The Tax Advantage this Quarter?
- 3 Steps for Success
- 4 The Chatter Box
- 5 Important Dates
- 5 Upcoming Events

Tax Chatter Contributors

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You do not need a bank account to take advantage of the IRS directly depositing your refund.

Tax Payer Beware!!

Refund anticipation loans are a throwback to days gone by and taxpayers should stop using them.

What is a Refund Anticipation Loan, and why are they a bad deal for taxpayers?

Refund anticipation loans, commonly known as RAL, are very short term loans, usually 10 days or so, and are based upon your anticipated income tax refund amount. In my opinion, the interest rates and fees associated with these loans border on the ridiculous and would make a loan shark blush. Refund anticipation loans should be avoided like the plague.

Why RAL's should be avoided like the plague:

*If you decide to take out a refund anticipation loan, you are choosing to give the loan originator 10% of your refund for a 10 day loan *plus* the tax preparation fees. If one were to annualize that 10 day loan, **the interest rate would be over 200% APR.** Most taxpayers I know would decline a 200% APR loan. In years past it could take months to receive your refund check; however that is no longer the case. You do have alternatives.*

What are your alternatives?

1. You can have your tax refund directly deposited, and in many cases receive the refund in less than 14 days. You do not need a bank account to have your refund directly deposited. You can use a reloadable debit card that can be purchased at a local Walmart store. We will be happy to help with this.
2. A refund check mailed to your address should arrive within 21 days. So wait the extra few days; be patient and you will get a larger refund.

Continued on page 2...

**ENDING
SOON!**

2013

First Annual

Free Review Clinic!

Clinic ends November 30th

Bring us your 2012 tax return for a free review. We will take a closer look to be certain that you didn't miss any deductions. We can also tell you how much your refund should have been. We will show you how much money you would have saved, had you filed your return with The Tax Advantage instead. It's free! Why not take the time to ensure you are getting all of the money you deserve, and save on your tax return next year!

Call to make
your
appointment
today!

ENTER FOR A CHANCE TO WIN A \$50.00 VISA GIFT CARD!

SOCIAL MEDIA CONTEST!



How to enter:

Each person has 5 ways to enter, for a total of up to 5 entries per person. Each of the following will earn you one entry.

1. Like us on Facebook
2. Share Contest on Facebook
3. Follow us on Twitter
4. Follow us on Google Plus
5. +1 us on Google Plus

Drawing will take place on October 17th at 9:00 pm. Check our website to see if you are our lucky winner. Good luck!

Let's take a look:

According to the IRS the average directly deposited refund in 2012 was \$2,985.00

If this was your refund, your RAL fee was probably about \$298.50.

Had you chosen not to take out a RAL, you would have almost \$300.00 more to play with.

With that you could have...



Bought Indianapolis Indians reserved seats for a half season (36 games)

Or



Bought one year passes to the Children's Museum **and** the Indianapolis Zoo for two adults and all of their dependents under 21.

Or...



Bought a Samsung 29" LED TV.

Tax Payer Beware Continued...

So remember, patience is a virtue:

It is your money, your refund, and no one is doing you any favors by loaning it to you for 10 days. What they are doing is lining their pockets with your money. So unless you have a true emergency, avoid refund anticipation loans. Be patient and wait the extra few days to receive your full refund. You can use the extra few days to think about what you will do with the extra money. On the left side of this page, we have listed some fun suggestions. Keep in mind; we used the average directly deposited refund as our base amount. The average refund anticipation loan was closer to \$5,000.00, so you could potentially have more money in your pocket if you choose to wait a few more days and keep more of your money.

See What's Happening at The Tax Advantage:

- **Free Review Clinic: Now until 11-30-13**
 - See page 1
 - Call and Schedule your appointment before November 30, 2013.
- **Company Check Up's:**
 - Advice & Planning
 - Exit Strategies
 - Preparation for Obamacare
 - New Sales Tax laws
 - Much more...
 - Check out website for more details
- **Social Media Contest**
 - See Page 1
 - Drawing October 17, 2013
- **Have a friend who needs an accountant?**
 - Check us out on Groupon!
 - <http://www.groupon.com/deals/the-tax-advantage-llc>



SUCCESS

Because you too can have this face of pure accomplishment.

Educate Yourself:
Visit us on Web
Chat Wednesday
with any of your
questions!

Of course we would recommend this one, but so does the *New York Times*!

The New York Times

Steps for Success!

Our top priority is YOU our client! After much thought and research, we present to you 5 Steps for a Successful, Healthy Business!

1. Make a business plan

- You will be amazed what you find out about your business when you really set down to make a plan.
- If you are unsure how to start your business plan, feel free to contact us!

2. Don't marry your plan

- Instead use it as a living and breathing document that will be ever changing. You should visit it often: add, subtract and change as needed.
- "The best laid plans of mice and men often go awry"- John Steinbeck, *Of Mice and Men*
- In the words of our Marines, "Improvise, Adapt and Overcome"

3. Educate yourself: A lifetime of learning and developing one's self

- The business world is constantly changing. Whether or not it is required, we highly recommend finding some continuing education webinars, or seminars in your area. Often times you can find free or inexpensive webinars online.
- Be aware of current business trends.

4. Hire an Accountant (Yes this one is true, and self-serving)

- As discussed in Volume 1: Issue 1, having an accountant has many beneficial perks.
- *New York Times* listed poor accounting, or lack thereof, as the #4 reason small businesses fail.
- How can you be in control of your business if you do not know what is going on financially?

5. TALK!!

- You must maintain frequent contact with your accountant, whether it is through email, snail mail, or phone conference. *Communication is key.*
- Also discussed in Volume 1: Issue one, having an ongoing relationship is essential in preventing your business from becoming a dreaded "shoebox" return.

These five steps aren't fool proof, but we believe are a good first 5 steps toward a healthier more successful business.

The Chatter Box

Tax Chatter is a collection of real questions we receive during "Ask the Experts" events, and our corresponding answers.

I need help with the Department of Labor paperwork relating to the new Affordable Care Act. Can you help with this?

- Cecile

Cecile
Yes we can help you with the forms. We have been reviewing and preparing for the Affordable Care Act, sometimes referred to as Obamacare, for months. Just give us a call!

I would like my refund directly deposited, but I don't have a bank account. I know direct deposit is faster though, so do you know a way I could do this?

-Tim

Tim,
Yes! Wal-Mart has a money card that you can use just as you would any other debit card. You can have your refund directly deposited to your card, and then pull the money out at an ATM or pay bills online. There might be other cards that do this, but we know for sure Wal-Mart does. We could walk you through the steps when we prepare your return.

I am thinking about starting a business. When is the best time to talk to an accountant?

- Brenda

Brenda
You should find and talk to an accountant before you start your business, especially if it will be your first time being self-employed. Self-employment is a whole different ball game and can be daunting when you are beginning your journey. Small businesses are our specialty. We would be happy to meet with you.

TAX ADVICE GIVEN IN "CHATTER BOX" IS INTENDED SOLELY FOR THE INDIVIDUAL WHO ASKED THE QUESTION. IT SHOULD ONLY BE USED AS A GENERAL GUIDELINE, AS EACH SITUATION IS DIFFERENT. IF YOU HAVE QUESTIONS REGARDING YOUR PERSONAL OR BUSINESS TAXES YOU CAN CALL THE TAX ADVANTAGE AT 317-784-7402.

Important Dates for Small Businesses

- Oct 1 Affordable Health Care Act: Some health care laws go into effect. Talk to your accountant.
- Oct 15 Deposit payroll tax for Sept if monthly deposit rule applies.
- Oct 15 Individuals: File form 1040, 1040A, or 1040EZ if you timely requested a 6 month extension.
- Oct 15 Electing Large Partnerships: File Form 1065 if you timely requested a 6 month extension.
- Oct 15 File Form 5500 if you timely requested an extension on Form 5558.
- Oct 31 File Form 720 for the third quarter.
- Oct 31 File Form 941 for the third quarter.
- Oct 31 Deposit FUTA owed through Sept if more than \$500.00
- Nov 12 File Form 941 for the third quarter if you timely deposited all required payments.
- Nov 15 Deposit payroll tax for Oct if the monthly rule applies.
- Dec 16 Corporations: Deposit the fourth installment of your 2013 estimated tax.
- Dec 16 Deposit payroll tax for Nov if the monthly deposit rule applies.

For other payroll tax deposit dates, check with your accountant or payroll service.

Call your accountant if your returns are on extension.

For more important dates visit <http://www.tax.aov/calendar/>.

Upcoming Events

The following are events pertaining to The Tax Advantage this quarter.

- Web Chat Wednesday** Every Wed from 11:00 – 1:00
- Free Review Clinic** Now until November 30th 2013
- Social Media Contest** Drawing October 17th 2013.

OCTOBER 2013						
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DECEMBER 2013						
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