



THIS MONTH:

- ◆ 3rd Quarter Due Dates
- ◆ Common Business Management Mistakes
- ◆ I'll Trade You...

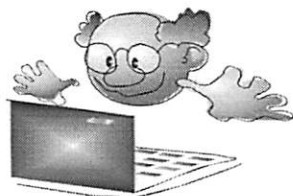
3rd Quarter 2013 Due Dates

July 31:

- ◇ *Employers.* File Form 941 for 2nd quarter 2013.
- ◇ *Employers.* Form 5500 or 5500-EZ for calendar year 2012 due if you maintain an employee benefit plan, or file Form 5558 to request an extension.

September 16:

- ◇ *Individuals.* 3rd installment of 2013 estimated tax due.
- ◇ *Calendar-year C Corporations.* 3rd installment of 2013 estimated tax due.
- ◇ *Corporations.* 2012 returns due for calendar-year C & S Corporations (Form 1120 & 1120S) if on extension.
- ◇ *Partnerships.* Calendar year 2012 return due (Form 1065) if on extension.



Common Business Management Mistakes

Having a strong leader or management team not only adds value to the company today, but also provides a foundation to generate growth in the future. As a small business owner, managing the day to day operations of a company can be challenging. Below are a few common business mistakes that are often overlooked *but* can be easily avoided.

1. **Thinking "I can do it all myself"** – You should use your skills to manage and grow the business, not to perform daily tasks that can be delegated.
2. **Ignoring your professionals** – Stay in contact with each of them throughout the year. The best time to solve or prevent problems is before they become larger (and more difficult to solve). Remember once the tax year is over, it is difficult for tax professionals to provide tax planning!
3. **Relying too much on professionals** – It is your duty to evaluate their performance. Remember as the business owner, you know the business BEST!
4. **Falling behind in record-keeping** – Procrastination is the enemy. When data is current, you will receive better advice from professionals and make more reliable decisions. Establish policies and procedures from the beginning for proper record-keeping and adhere to them.
5. **Not using "reality checks" regularly** – All bank accounts, customer receivables, inventories, and vendor payables should be regularly reconciled.
6. **Not thinking ahead** – Having a solid business plan makes the decision making process easier and more effective.
7. **Co-mingling personal and business assets and liabilities**–The business' bank accounts, credits cards, loans and fixed asset titles should be in the business name and not used for personal transactions.
8. **Failing to back-up business data** – Your company records should be backed up on a regular basis and kept in a secure location.
9. **Overlooking the importance of cross-training employees to backup/support each other** – Teamwork is a crucial part of running a successful business. Be sure your employees understand their role in the company and how their actions contribute to the company as a whole.
10. **Not defining your business.** – You can't be all things to all people. Don't set yourself up to fail by promising something you can't deliver.
11. **Neglecting your power** – Being a leader is important to the company as a whole. Set an example by taking initiative and promoting teamwork!
12. **Using improper passwords**– The most common passwords (and easiest to discover) include birthdays, your children's or pet's names and popular celebrities. Use a mix of numbers, caps and letters that is easy for you to remember, but hard for others to identify.

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I'll Trade You...

Bartering is when two or more parties agree to trade goods or services between themselves, usually with no cash involved. The fair market value of goods and services that you receive when bartering is taxable, just as if you had received cash. Bartering income is generally subject to income tax, but could also be subject to self employment tax, employment tax or excise tax, depending on the nature of the transaction.

Example: You agree to prepare cater a birthday party for a painter who paints your house. The value of each service may be similar, so no cash is exchanged. Barter income is taxable under tax law, therefore the FMV of the house painting must be included in your gross income and the FMV of your catering services must be included in the painter's gross income.

Bartering is becoming more common in various areas of the country, especially via "Barter Clubs," which allows members to barter goods and services with other members of the club. All barter exchanges that are facilitated through a broker or club are required to issue Form 1099-B, *Proceeds from Broker and Barter Exchange Transactions*, annually. This type of barter transaction is illustrated in the sample 1099-B below. Box 3 is the net gain from barter transactions. It is possible that a barter club member will barter "out" more value than they barter "in" resulting in no reportable barter income on Form 1099-B.

CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. Smith and Jones Barter Club 123 Anyroad Drive Normaltown, IL, 53535 608 555 5555		1a Date of sale or exchange	OMB No. 1545-0715		2012 Form 1099-B Proceeds From Broker and Barter Exchange Transactions
		1b Date of acquisition	2012		
		1c Type of gain or loss Short-term <input type="checkbox"/> Long-term <input type="checkbox"/>	Form 1099-B		
PAYER'S federal identification number 23-5555555555	RECIPIENT'S identification number	2a Stocks, bonds, etc.	Reported to IRS <input type="checkbox"/>	Sales price <input type="checkbox"/> Sales price less commissions and option premiums <input type="checkbox"/>	1e Quantity sold
		3 Cost or other basis \$ 10,500	4 Federal income tax withheld \$	Copy B For Recipient This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.	
RECIPIENT'S name Jay Doe	5 Wash sale loss disallowed \$	6 Checked if: a <input type="checkbox"/> Noncovered security b <input type="checkbox"/> Basis reported to IRS			
Street address (including apt. no.) 123 Notaroad Drive	7 Bartering \$	8 Description Barter between trade exchange members			
City, state, and ZIP code Sampleville, GA, 30555	9 Profit or (loss) realized in 2012 on closed contracts \$	10 Unrealized profit or (loss) on open contracts—12/31/2011 \$	13 State		
Account number (see instructions)	2nd TIN not <input type="checkbox"/>	11 Unrealized profit or (loss) on open contracts—12/31/2012 \$	14 State identification no.		
CUSIP number		12 Aggregate profit or (loss) on contracts \$	15 State tax withheld \$		

Form 1099-B (keep for your records) Department of the Treasury - Internal Revenue Service

PADGETT BUSINESS SERVICES®

WHERE YOUR SUCCESS TAKES ROOTSM



PADGETT BUSINESS SERVICES® is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.

PENALTY NOTICE: As required by U.S. Treasury regulations, you are advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.