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Citizen Bank encourages small business owners to consider seven questions as tax season approaches

March 15, 2012 - Connecticut

With the deadline for filing federal and state taxes fast approaching, small business owners should ask themselves a series of questions to help prepare for tax season this year.

First, a reminder: The deadline for filing tax returns this year is April 17 due to a few quirks in the calendar. April 15 falls on a Sunday this year and the following day is a holiday celebrated in Washington, D.C. (Emancipation Day). With the Internal Revenue Service headquartered in Washington, this holiday will cause the deadline this year to move forward one more day. So remember: This year, tax returns are due April 17.

Because most small businesses do not have dedicated accounting or tax departments, it is critical they be prepared, organized and knowledgeable when filing their taxes each year. Tax season presents both challenges and opportunities for companies of all sizes, and we're encouraging our small business customers to ask themselves a few simple questions before filing their taxes this year.

In addition to consulting with a tax professional, small business owners should consider the following seven questions:

1. "Is my company organized and prepared to file our tax returns?" Before beginning the process of filing a tax return, small business owners should be sure all information regarding income and expenses is accurate and up to date. As this information is the basis of every tax return, it is worth the investment of time to ensure its accuracy.
2. "Have we carefully considered all appropriate business tax deductions for 2011?" Both federal and state tax codes make allowances for small businesses to deduct a number of expenses on a tax return. The list of expenses that can be deducted is extensive and can be confusing. By working with an accountant, small businesses can determine exactly what expenses are - and are not - deductible.
3. "Has my company made any investments in equipment that might be tax deductible?" An accountant can explain the parameters and calculations for claiming deductions on any capital investments a business makes in new equipment. If your company made investments that helped you run your business in 2011, you may be able to deduct these costs on your taxes this year.
4. "Have we documented and verified any charitable contributions made by our company in 2011?" Many small businesses support charitable programs and community events. Be sure to understand the tax considerations associated with these philanthropic efforts. In most cases, a contribution made to a registered 501(c)3 organization is tax deductible.
5. "Are we doing all we can to collect on past-due accounts?" One of the biggest challenges small businesses face is the collection of past-due accounts. If a vendor or customer has not responded to your invoices, partnering with a collection agency or dedicating a fixed amount of time each week

toward contacting these past-due accounts by phone or in person could prove to be a cost-effective use of time.

6. "Is it time to review my business plan?" Tax time may be the right time to take a look at a company's business plan to see if it needs to be updated, adjusted, or expanded to account for changes in the local or regional economy or to take advantage of changes in a particular industry.

7. "Have I met with my accountant and banker to review 2011 and plan for 2012?" Just as it is sensible to have regular check-ups with a doctor, it makes good business sense for a small business to be in regular contact with its accountant, financial advisor and banker.

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