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AND

BYTES

A Newsletter Published by Hubmer, Enstad, Ovik & Co., Ltd.
Certified Public Accountants

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Happy New Year to you and your family from all of us at Hubmer, Enstad, Ovik & Co. We hope you enjoyed the holidays.

Firm UPDATES

As Greg Ovik gets closer and closer to retirement, the firm has elected new officers effective to start January 1st.

- ✓ Jon Enstad was elected Pres/Treasurer, and
- ✓ Sean Riley was elected VP/Secretary

Individual AWARD

Jon Enstad was a recipient of the 2014 Five Star Professional CPA award.



FREE APP

Download it now!

Don't be left out...using your smartphone or mobile device search for "NETCLIENT CS" and download your APP to gain access to your information 24/7.

New Clients Are Welcome Business Owners & Individuals

We appreciate your referrals. If you know others that would benefit from and might value the kind of services we provide, please give them our name and number. Our business has been built through referrals from existing and past clients. Thank you!

Visit our Firm Website

- Log on to your Online Client Access account at <http://www.cpafirm.cc/client-login>
- Sign up for our monthly newsletters at <http://www.cpafirm.cc/monthly-news>
- Give us feedback and tell us how we are doing at <http://www.cpafirm.cc/testimonials>

Need Background Checks?

We have a new service available that may be helpful to you. If your business or any organization you are involved with needs to do background checks on employees, tenants or volunteer staff, please go to our website and click on the icon on the right for NCS Background checks. There are no upfront or annual fees, just pay as you go.



Personal Tax Items

Cash Donations

NASTY COURT CASE IN FAVOR OF IRS!!!

Protect yourself by obtaining a written acknowledgement from the charity that is dated before April 15, 2014 that specifically states:

“YOU DID NOT RECEIVE ANY GOODS OR SERVICES IN RETURN FOR YOUR DONATION”

Federal Tax Rates

- 0% rate on capital gains and dividends still exists!
- BUT, the “wealthy” capital gains and dividends goes up from 15% to 20%
- NEW ordinary income tax rate of 39.6%
- **Two additional taxes begin in 2013** ...there is a **3.8% Surtax** on net investment income and a **0.9% Medicare tax** on earned income.

Broker Reporting of Covered Securities

Have YOU received a letter from your financial advisor asking YOU about tax basis and tax elections? If yes, what should YOU do?
SIMPLE ANSWER....Contact your CPA!

Tax Deductions and Personal Exemptions

UP TO 80% PHASE OUT

This was suspended two years ago but brought back in 2013 for single taxpayers with income over \$250,000 and married couple with income over \$300,000.

Education Credits



The first 4 years of college are now covered by one credit that maxes out at \$2,500 per student per year. The nice thing about this credit is that up to \$1,000 is refundable.

Mileage Rates

The 2013 business rate was 56.5 cents per mile, the medical/moving rate was 24 cents and the charity rate was 14 cents. The business rate for 2014 is 56 cents and the medical/moving rate is 23.5 cents.

Say Good-Bye for 2014

- School Teacher Deduction (above-the-line)
- Deduction for mortgage insurance premiums
- Tuition & related expenses deduction (above-the-line)

Business Tax Items

Minnesota Sales & Use Tax



We continue to see sales/use tax audits, and chances are they will eventually audit you!

Suggestions:

- ✓ Keep the backup documents for purchases by credit card
- ✓ Monthly CC statements are not enough to show you paid the sales tax
- ✓ Up-to-date and accurate Exemption Certificates are a must
- ✓ Contact us and ask us how we can help

S Corporation Shareholder Wages

Do YOU own and are YOU active in an S Corporation?
Then YOU need to take a wage!

Penalties for Late Filings of Tax Returns

- Penalty is \$195 per partner/shareholder per month with a maximum of \$2,340
- S Corporation tax returns due March 15
- Partnership tax returns due April 15
- Extensions are still allowed until September 15

New Rules for Repairs and Maintenance Expenses **STARTING IN 2014**

There are many facets including normal wear and tear repairs, major repairs to equipment and buildings, rotatable parts and production supplies. Small businesses may need written elections. We will discuss this with you to be sure we start off properly.

Employee OR Sub-contractor

It is NOT up to YOU to decide!

Best advice...call us or visit the MN Dept of Revenue website and read [Withholding Fact Sheet 8](#)

Health Insurance Issues

The news this past year was full of reports that people could not successfully navigate the Federal and Minnesota website to apply for health insurance. And for employers, there was confusing news about what they need to do and when. More regulations are coming out as this newsletter is being written.



Estate/Gift Tax

For Federal tax purposes, each person can exclude \$5.25 million and a married couple can exclude \$10.5 million of assets from estate tax when they die. Minnesota's exclusion is much lower. It has always been \$1 million and in 2013 **Minnesota added a GIFT TAX** once lifetime gifts exceed \$1 million. The tally starts with gifts after June 30, 2013.

Not For Profits

If you are involved with a NFP pay attention to the Form 1099 item. Even non-profits are required to file if the organization pays anyone \$600 or more during the year. This could be coaches, referees, bookkeepers, etc.

There was a court case in 2013 that went against a booster club that earmarked fundraising proceeds to the individuals who raised the funds. This specific case applied to kids who sell SCRIPT. All of the booster clubs we work with have fundraisers and may need to modify their policies.

DOMA

As you know, the Supreme Court struck down the Federal law defining marriage as a union between a man and woman. Also, Minnesota made same sex marriages legal starting August 1st. This didn't really create an income tax issue; all married couples are required to file married/joint, unless they are legally separated. Same sex partners will see their income taxes go up, just like married couples have seen forever. The real issue is with employer benefits such as dependent medical and retirement plans.

Interested In Growing Your Business?



We have an exciting new marketing and business growth system available to all of our business clients completely **FREE** of charge. To get your **FREE** access, contact our office and we will give you an access code. For additional information, please go to <http://www.mncpafirm.com/>

Identity Theft

We implement the best standards and practices to **protect your identity**. However, if you become aware that you are a victim, please note that the IRS has implemented a specific form to file but this will delay all federal tax matters at least six months.

Protecting your Confidentiality



Just to remind you, tax preparers have very strict rules for complying with your requests to send tax information to someone, such as your banker. We need an authorization form signed by you before we can send out any of your information. We have that template; it is different from the letter your banker may give you. It's another reason your personal Online Client Access account is valuable.

1-800 Phone Number

This is a reminder that we do have a 1-800 phone number; **800-371-7363**. For those of you out of the metropolitan area, feel free to call us on that number.

In Conclusion

These are the highlights of the tax issues we have encountered during the year. If you have heard or read about something, let us know. We look forward to meeting with you to attend to your business and personal tax needs. Thanks to those clients that have referred friends and relatives to us. We appreciate it and will take good care of our current and new clients.



A look back at 2013...



Greg Ovik



WOW, another great travel year. I ran the shores of Lake Superior in May, Golf Shores, Al in July, Cannon Beech, Or in Sept and Miami Beech, Fl in Nov. At the same time, Diane and I enjoyed great views of the waterfalls on the Columbia River (largest concentration in the US) the expanse of the Pacific and Atlantic oceans along with their towns, cities and forests. On top of that, we had a great family gathering for a nephew's wedding. Of course, we had adventures with the grandkids. Diane dazzled them when she road Super Mable and swam(kind of) for the first time since she was a kid. I hope you all are remembering wonderful events in your life as you ponder the new year. I know many of you will be glad 2013 is done and my prayers go especially to you. Merry Christmas and Happy New Year to you and your family. I look forward to seeing or at least talking to everyone in the next few months.

Jon Enstad



Happy New Year everyone, I hope you had a blessed 2013. Well there were no new additions to the family this year, unless you count the college grad that moved back home. By the way she is a wedding planner and works at a bridal shop in Hopkins if you know of anyone needing those services. I did get to visit the Washington State Enstad clan last fall. Those 3 ½ year olds have lots of energy! We have been able to see the rest of the "kids" at least twice this year.

I need to send out a thank you to the client that nominated me for the "Five Star Certified Public Accountant AwardSM" for 2014. A few years ago I received a similar award for Wealth Manager as a part of what I do. This award means a lot more to me. This is what I do – I serve the public with their accounting needs. It might sound a little corny but that is what we do here. We prepare financial statements to the highest industry standards. We don't fudge numbers or cut corners. We provide a service that can be relied on by you and anyone you give your financial statements to. Thank you, I am honored and humbled.

For all of you who thought I was moving last year – not happening anytime in the near (or probably distant) future. I look forward to hearing from all of you!

Sean Riley



The Riley's were grateful this past year as it was filled with such enjoyable moments with family and friends. From times at the lakes up north to our family trip to Walt Disney World and everything in between, we consider ourselves very fortunate.

I want to remind everyone to keep me in mind throughout the year. If you encounter a situation that you feel could be tax related please feel free to call me or stop in. On behalf of the firm, we appreciate your business...without you, there is NO us.

Audra Bird



Where did the year go? I hope everyone had a wonderful 2013!

During 2013 my husband and I decided to park our camper at a Seasonal Campground near Finlayson, MN. So we spent most of our free week-ends there. This past year we were also blessed with another grandchild. Landon was born in June and is a happy and healthy bundle of joy.

With the upcoming tax season quickly approaching, I am looking forward to meeting more of our clients and providing all of you with excellent service.

Terrí Kopel

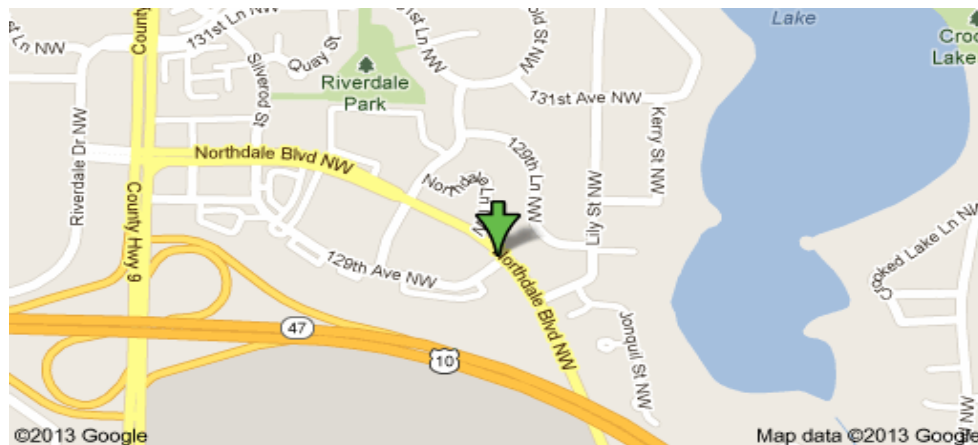


2013 sure was full of excitement! For starters, Adam and I survived our wedding in November. The ceremony and reception was a blast, even if Adam did manage to lose his wedding band before the dinner was even served! In addition, I FINALLY graduated in September, I gave a commencement speech and everything! So now I officially have my Bachelor's in Accounting, not to mention I have my nights and weekends back to myself – homework free!

To everyone reading this letter, I'd like to wish you a happy and prosperous 2014!

Our Mission

Our mission is to help clients maintain financial viability in the present, while taking a proactive approach to achieve future goals. This requires open communication to reach an understanding of our clients' needs through research and sound analysis. Hubmer, Enstad, Ovik & Co. Ltd. is dedicated to meeting these goals with high standards of excellence and professionalism. We have been a staple of the Twin Cities' business community for years, and pride ourselves on the level of esteem we have earned.





The Hubmer, Enstad, Ovik & Co., Ltd. Newsletter, **DOLLARS AND BYTES**, is published periodically by the staff of Hubmer, Enstad, Ovik & Co., Ltd. Any suggestions for inclusion or comments on the newsletter should be directed to:

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