

# DOLLAR\$

AND

# BYTES

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

December 2014

Vol. 30, Issue 1

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



## *Firm AWARD*



We are very gratified to have been voted the BEST ACCOUNTING FIRM IN ANOKA COUNTY. We make every effort to provide timely, accurate and pro-active services to all of our clients, large and small. Thank you to everyone who thought of us and voted us this honor.

## *Staff News and Updates*

If you are stopping in our office, please introduce yourself to our new Director of First Impressions, Andrea (Ann) Morrison and our part-time University of St. Thomas intern, Dan Lewis. Ann started with us in July and Dan started last tax season.



**FREE APP**  
**Download it now!**

Using your smartphone or mobile device, search for "NETCLIENT CS". You have access 24/7. This is especially valuable when you need to send confidential information to your banker. Remember, if you ask us to send information, we need written permission.

## *New Clients Are Welcome*

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**

Remember, you need written proof besides your check for a one-time donation over \$250. Protect yourself by obtaining a written acknowledgement from the charity that is dated before April 15, 2015 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 still in effect for 2014:**  
**3.8% Surtax** on net investment income and a **0.9% Medicare tax** on earned income for single taxpayers with Adjusted Gross Income (AGI) over \$200,000 and married /joint filers with AGI over \$250,000.

### **Standard Deductions and Personal Exemptions**

#### Inflation Adjustments

The 2014 standard deduction amounts and personal exemption amounts will see another \$50-\$200 increase. The same increase will apply for 2015.

### **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 business rate for 2015 is 57.5 cents/mile which is up 1.5 cents from 2014. The medical/moving rate went down ½ cent to 23 cents/mile and it remains at 14 cents/mile for charitable.



### **Say Good-Bye for 2014?**

Just before they took their holiday break, CONGRESS ONCE AGAIN EXTENDED many deductions, including:

- School Teacher Deduction
- Deduction for mortgage insurance premiums
- Higher Education above-the-line deduction
- Nontaxable IRA Transfers to Charities

## Business Tax Items

### **Minnesota Sales & Use Tax**

We continue to see sales/use tax audits, and chances are they will eventually audit you! Also, several FACT SHEETS were issued in 2014 that may change your industries rules.

Suggestions on what to retain:

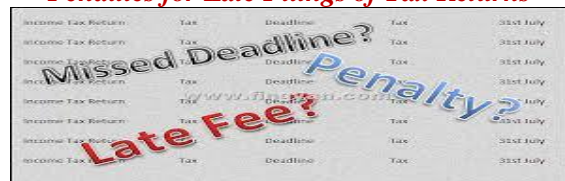
- ✓ Receipts for all purchases especially by credit card
- ✓ Monthly CC statements are **NOT** enough to show you paid the sales tax
- ✓ Up-to-date and accurate Exemption Certificates are a must

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

Last year we said this was coming. Well, this year, the rules are here. Some of the rules even became clear. There will quite possibly be elections attached to your tax returns to apply these rules. We will alert you to the requirements when we meet.

There are many facets including normal wear and tear repairs, major repairs to equipment and buildings, rotatable parts and production supplies.

### **Employee OR Sub-contractor?**

#### It is NOT up to YOU to decide!

Again, this isn't new but it continues to be an audit issue with expensive penalties. Best advice...call us or visit the MN Dept of Revenue website and read [Withholding Fact Sheet 8](#)

## Health Insurance Issues

The Affordable Care Act, OBAMA CARE, really became an issue in 2014. The IRS issued a publication to



explain the issues late in 2014 that we can give you. **There will be new questions we need to ask you when we prepare your tax returns.** If

you successfully applied for insurance thru MNSURE, you will have received a form 1095A that you need to give us. **This year there will be reporting issues and possible credits and/or penalties.** This could be very different from the tax items you are used to having us explain. For employers there was confusing news about what they need to do and when. We know that several companies terminated their plans knowing the employees could do better going thru the exchange.

## Bitcoin

Do you deal in on-line currency transactions? The IRS has determined that BITCOIN is property. We can talk about this if it applies to you.

## Estate/Gift Tax

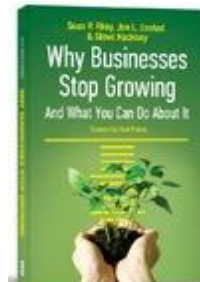
For Federal tax purposes, each person can exclude \$5.25 million and a married couple can exclude \$10.5 million of assets from estate tax when they die. Minnesota's exclusion is much lower. It was \$1.2 million in 2014.

## Not For Profits

If you are involved with a NFP pay attention to this 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.

## 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 us for a code.



## Record Keeping

More and more, businesses pay bills not by traditional check, but with ACH transactions or credit cards. It is important that you keep all the receipts. The entry on the monthly credit card statement will not be enough.

## 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. As you can see, most of these are updates to items we covered in the last couple of years. 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 2014...*



### *Greg Ovik*



Diane and I did some needed home repairs; thanks to the clients that provided expert help. I also attended to some Greg repairs. My episode with a detached retina a couple of years ago accelerated my cataracts so I had that fixed. Also, I replaced a tooth that had a cracked root. Diane and I made a Spring trip to the Black Hills and an early winter trip to Death Valley and southern Utah. In June, we had a great family gathering for a niece's graduation. Of course, we had adventures with the grandkids. I hope you all are remembering wonderful events in your life and are looking forward to the new year. For those of you who suffered illness and hardship in 2014 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! Hear Ye Hear Ye another Enstad has arrived! On 12-14-14 our newest Granddaughter made her entrance into this world. Eleanor Marjorie did not want to waste any time so she woke up mom and dad at 11:30 pm and was born in the ER at 12:18 am – that's right 48 minutes later. By the time you read this we will have visited them in Washington State so if I seem a little grumpy it will be due to missing my play time! The rest of the gang is moving forward. The college grad found a job in Milwaukee in November so we are empty nesters again – sort of. Josh started college this last fall in New Ulm MN, he wants to be a high school science teacher. Abby is a Junior and looking

forward to soccer this spring. It's hard to believe our youngest will be out of high school in a year and a half. Where did the time go?

Once again a big thank you to whoever nominated me again for the "Five Star Certified Public Accountant Award<sup>SM</sup>" for 2015. It is a great feeling to be appreciated and recognized for the work we do. I am looking forward to working with all of you in the New Year!

### *Sean Riley*



Four words explain 2014, "I AM GETTING OLD" ☺ Imagine looking along a beach of a lake, seeing a buoy 1/8 of mile away, and knowing you have to swim to it and then back. Well, both my girls could do it, who are 8 and 10. But, not Dad...got half way and called it quits. For 2015, I'm getting in shape so I can try again this summer ☺ Good luck to all of you on your goals and new year's resolutions.

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 our firm, we appreciate your business...without you, there is NO us.

## Audra Bird



Wow, it's already time for another tax season. Where does the time go? I hope everyone had an enjoyable 2014! I would like to thank you, our clients, for making my job so rewarding. I truly love my job! What I like most about being in public accounting is all the people you get to interact with. I am looking so forward to meeting more of our clients and providing all of you with excellent service.

## Andrea Morrison



What a crazy and busy 2014! Being the new kid on the block, this will be my first tax season and I can't tell you how much I am looking forward to the craziness! I started at the firm at the end of June. I cut my commute time from 45-60 minutes to 3-5 minutes. I have 2 children (3 if you count a husband) that keep me pretty busy with coaching their sports teams and chauffeuring them to all their activities, but I wouldn't have it any other way. Here's to an exciting new year!

## Dan Lewis

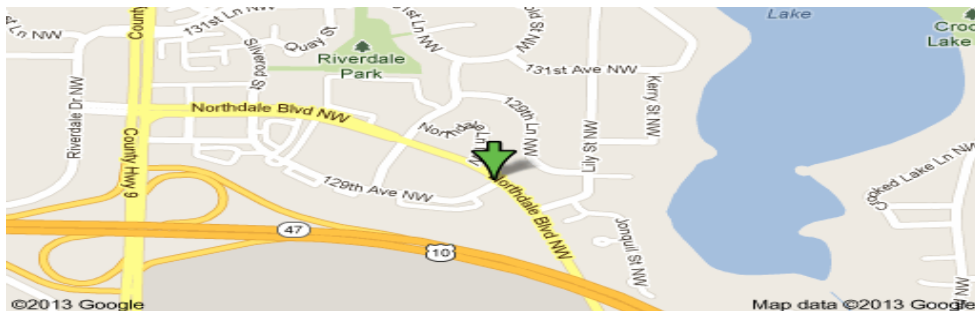


Here comes the tax season! I'm Dan, and I'm fairly new around here, so hello to all. Fortunately I got some experience working last tax season as I jumped aboard in February, and I look forward to tackling the challenges this year! I'm currently studying accounting at University of St. Thomas in St. Paul and am on track to graduate in May. Once I graduate I plan on working towards my CPA certification and figuring out how to stay sane while I study. I had a wonderful and very busy 2014; I filled my time working and learning here, pursuing photography, and building and expanding my drum kit. I hope everyone's 2014 was great and that 2015 proves to be just as fruitful!

---

## 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:

Editor  
Hubmer, Enstad, Ovik & Co., Ltd.  
3340 Northdale Blvd, Suite120  
Coon Rapids, MN 55448

Ph: (763) 786-7899  
Fax: (763) 786-6606  
[office@cpafirm.cc](mailto:office@cpafirm.cc)  
[www.cpafirm.cc](http://www.cpafirm.cc)

### **The Hubmer, Enstad, Ovik & Co., Ltd. Staff:**

Jon L. Enstad, CPA, President  
Sean P. Riley, CPA, VP  
Gregory P. Ovik, CPA  
Audra J. Bird, RAP, RTRP, ARA  
Andrea Morrison, Admin Assistant

[enstad@cpafirm.cc](mailto:enstad@cpafirm.cc) Ext: 107  
[sriley@cpafirm.cc](mailto:sriley@cpafirm.cc) Ext: 103  
[ovik@cpafirm.cc](mailto:ovik@cpafirm.cc) Ext: 105  
[audra@cpafirm.cc](mailto:audra@cpafirm.cc) Ext: 112  
[andrea@cpafirm.cc](mailto:andrea@cpafirm.cc) Ext: 101



Now connect with us on Facebook and LinkedIn!