



MUHLENKAMP & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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December 2016 Business Newsletter

TAX PLANNING

There is still time to set up an appointment for year end tax planning by December 31. Please call our office to set up an appointment.

PORTAL

We now have portal capability to send and receive data (Quickbooks and large files) to/from client more securely than e-mail. If you think a portal would be beneficial to yourself, contact our office about setting one up.

DEPRECIATION

The Section 179 expensing of new or used equipment (including HVAC equipment) was permanently set at \$500,000 with phase outs beginning when total cost of equipment purchased is \$2,500,000. The 50% bonus depreciation was extended through 2017 and will phase down to 40% in 2018 and 30% in 2019. Ohio & Indiana still limits first year expensing to \$25,000.

OHIO CAT TAX – Commercial Activity Tax

Taxpayers with gross receipts greater than \$150,000 are subject to the annual Ohio CAT tax. In addition, all taxpayers with gross receipts over \$1 million must file their returns quarterly. If you are currently not registered for this tax, contact our office. This tax is mandated to be filed online via the Ohio Business Gateway.

OHIO SMALL BUSINESS TAX DEDUCTION

Ohio small businesses (and farms) will be entitled to take a 100% tax deduction on the first \$250,000 of business income. This deduction is available to owners/investors of all companies structured as pass-through entities as well.

S-CORPORATION NOTES

- All S-Corporations should have at least one of their owners/officers receiving a reasonable wage/W-2. Reasonable to IRS means fairly compensated compared to other employees, considering time worked, type of work, and personal skills/knowledge. Normally this wage is higher than other employees paid.
- Any health insurance premiums paid on behalf of a shareholder, with more than 2% ownership of a corporation, need to be reported on the shareholders' W-2s. We will need this amount prior to completing year-end W-2's.

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Securities offered through 1st Global Capital Corp., Member FINRA, SIPC
Investment Advisory Services offered through 1st Global Advisors, Inc.

RETIREMENT PLANS

We have the ability to set up your businesses retirement plans (401k, Simple IRA, etc.) for employees and owners (partners, shareholders, and self-employed). Do you currently do retirement plans for your employees? Do you want to get something new set up?

SECTION 125 CAFETERIA PLANS

Employers do have the option to set up a Section 125 plan to offer their employees pre-tax options for medical, dependent care and certain health insurance expenses. If you do not currently have a Section 125 plan set up and would like more information, contact our office.

MILEAGE RATE

The mileage rate for 2016 is 54 cents per mile.

CORPORATE MINUTES

Reminder: Corporations should update their corporate minutes if they have not done so.

ACA – AFFORDABLE CARE ACT

- Due to recent changes, the ACA has left employers of all sizes with three options:
 1. Provide ALL full-time employees with affordable, quality insurance coverage
 2. Offer NO health care at all.
 3. Give employees a cash “bonus” to help compensate for health insurance, but this needs taxed and added to W-2
- The penalty for not complying with the Affordable Care Act is \$100 per day, per employee for a total of \$36,500 per employee each year.
- Any questions in regards to your company’s health care coverage should be directed to the health insurance company that is underwriting the coverage.
- All employers are required to provide a notice of health coverage option to each employee. A notice needs to be sent to each employee regardless if you offer health insurance or not. A “model notice” is available on U.S. Department of Labor at: www.dol.gov/ebsa/healthreform/index.html
- 1095- B & 1095-C Reporting
 - 1095-B – Insurance carriers are required to provide a 1095-B to employees that are covered under employer group health insurance plans
 - 1095-C – Employers that have over 50 full-time employees or full-time equivalent employees are required to provide their employees with a 1095-C.

Please visit our website (www.muhlcpa.com) for current changes and updates.