



**MOCERI & COMPANY, P.C.**  
 CERTIFIED PUBLIC ACCOUNTANTS

# Tax Alerts

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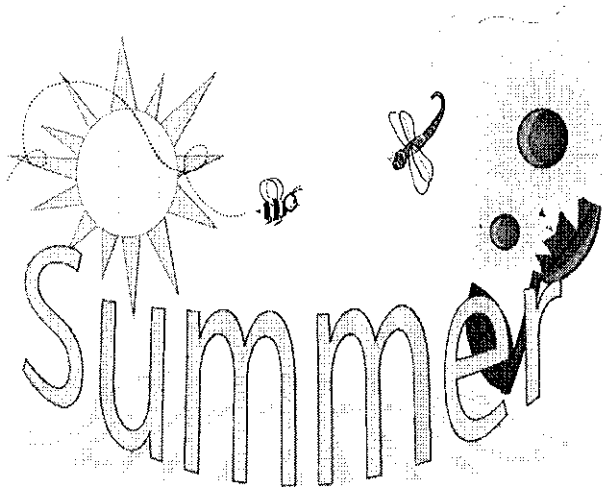
## Summer Office Hours/Reminders:

Beginning *May 10<sup>th</sup>* through *August 31<sup>st</sup>*, we will have limited office hours on Fridays, so please make sure to call for an appointment prior to dropping by. Our office closes at noon.

Please call our office **586-254-2010** to discuss your important tax and financial issues whenever they occur.

### Reminders:

2<sup>nd</sup> Quarter 2019 Federal & State tax estimates are due **June 17, 2019!** ♦



## The Importance Of Good, And Separate, Business Records

Many small business owners find that one of the hardest parts of being the boss is taking care of administrative tasks.

Your business was started because you are good at something. All this paperwork just gets in the way! But is all this paperwork critical to your company's success? Proper recordkeeping will ensure that you don't overlook anything.

In addition to your books, you need to keep supporting documents. This material supports the entries in your books and on your tax return.

These include sales slips, paid bills, invoices, receipts, deposit slips and canceled checks. Basically, any business transaction you conduct generates supporting documents.

Documentation examples of your business' income, or gross receipts, include cash register tapes, bank deposit slips, receipt books, invoices, credit card charge slips and 1099-MISC forms.

Purchases are the items you buy in order to make the product you sell to customers. Your supporting documents in this area should show the amount you paid and that the amount was for the purchases. Documents here include canceled checks, cash register tape receipts, credit card sales slips and invoices.

Then there are your expenses. These are the costs you incur other than purchases to carry on your business. Supporting documents for expenses should show the amount paid and that the amount was for a business expense. Expense documentation includes canceled checks, cash register tapes, account statements, credit card sales slips, invoices and petty cash slips for small cash payments.

Keeping good records is much easier when you make sure your business and personal expenses aren't comingled.

We highly recommend you have separate bank accounts and credit cards that are solely used for business.

We can help you set up your accounting system. Please contact our office for help. ♦

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## Paying For College

Saving or paying for college can be expensive, as the price of higher education has skyrocketed. The tax law provides several key tax breaks for education.

There are 529 college savings plans. Distributions used for college are tax-free. Eligible expenses include the cost of tuition, books, supplies, fees and computers. Room and board also qualify for students enrolled at least half-time.

529 plans can also pay for K-12 education. Tax-free payouts of up to \$10,000 per student per year can be taken to pay tuition for elementary and secondary private and parochial schools. Note that the state tax treatment of distributions from 529 plans for K-12 education doesn't always follow federal law. Nonconforming states include Calif., Colo., Minn., Mont., N.Y., Ore. and Vt. Make sure to check the tax implications in your state.

Coverdell education savings accounts are another option. As with 529 plans, distributions from them are tax-free if the funds are used for education expenses. You can set up both a Coverdell and a 529 college savings plan for the same child.

If you have savings bonds, think about using them to help pay for college. Generally, interest on savings bonds must be reported as income on the 1040 in the year the instruments mature or when they are redeemed, whichever is earlier.

Interest on EE and I bonds used to pay for education may be tax-free, provided certain rules are met. The bonds must have been purchased after 1989 by taxpayers age 24 or older and redeemed to pay for college or graduate school tuition and fees for the taxpayer, spouse or dependent. Vocational schools also qualify.

The exclusion is subject to income limits. For 2019, it begins to phase out for couples with modified adjusted gross income over \$121,600 and \$81,100 for singles. The tax break ends when modified AGI hits \$151,600 and \$96,100, respectively.

The American Opportunity Tax Credit is worth up to \$2,500 per student for each of the first four years of college.

It phases out for couples with a modified AGI above \$160,000 and \$80,000 for individuals. It ends when modified AGI tops \$180,000 and \$90,000, respectively. Eligible expenses include tuition, books and supplies.

Coordinating the various education tax breaks can be somewhat tricky. That's because you can't use the same college expenses for multiple benefits.

**For assistance with these objectives, contact:**

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## QuickBooks Corner- Tips & Tricks for QuickBooks

### Offset Invoices Against Credit Notes

One of the major points which can make QuickBooks a hassle to use is that invoices disappear from the record if they're offset to zero against credit notes.

To avoid this, distribute credit notes against different invoices so just one invoice doesn't disappear.

If you have any questions, please call our office.♦