



# ALLOY SILVERSTEIN ACCOUNTANTS AND ADVISORS

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## Watch out! 5 vacation costs that sneak up on you

Going on vacation is a time to relax and enjoy new experiences, but extra costs can put a damper on things. Here are five fees to watch out for:

- 1. Covert airfare increases.** Airline pricing algorithms are programmed to store your browsing history, and if you have been researching flights online they will bump up the price. Before searching, clear your internet history and switch to private (or incognito) mode on your web browser. Also, use a different computer when booking to avoid this artificial price increase.
- 2. Stealthy resort fees.** The nightly base rate for a resort often compares favorably to a standard hotel, but don't be fooled! These same resorts add a daily resort fee on the back end of your bill. Understand the full cost of the stay before booking.
- 3. Rental car extras.** Rental car companies charge an extra daily fee for a second driver, so commit to one driver on vacation. They will also try to sell you insurance to cover damages. Check with your auto insurance company to see if your policy extends to rental cars.
- 4. Bloated baggage fees.** Most airlines charge hefty fees for heavy bags. Check your airline's limits and weigh your bags on a bathroom scale before you go.
- 5. Crafty parking costs.** Downtown hotels in big cities charge as much as \$75 per night for parking. Research alternative lots near your hotel or consider using rideshare options instead. ♦

# clientalert

summer 2019

## Smaller (or larger) tax refund? Bigger tax bill? Now what?

**T**he first tax season under the Tax Cuts and Jobs Act was a surprise for most Americans. In fact, many who received smaller refunds or owed money think that the new tax laws hurt them. Both situations can simply mean that you paid in too much or too little tax during 2018.

What should taxpayers do now? Here are tips for 2019 to ensure a less uncertain 2020 tax season.

- 1. Change your thinking.** Before you get too upset, compare the total tax on your return to last year. If this year's number is smaller, then the new tax law helped you. Whether you owed the government, or paid too much and got a refund, it doesn't really matter. Paying less tax in total is better, right?
- 2. Review your withholding.** The withholding tables changed in February 2018, but few people took the time to review W-4s on file with their employers. Now that the uncertainty is over, revisit your W-4 to see if you need to change your allowances. Keep in mind that calculating the correct number is tricky business. Our sister company, Abacus Payroll Inc., has an online W-4 assistant



that can help, or schedule a tax planning meeting with your accountant.

- 3. Miss your gigantic refund?** Ask your employer to deposit part of your pay into a savings account each week, and next April give yourself a refund by withdrawing the cash.
- 4. Make estimated tax payments.** If you have supplemental income, it's smart to save some of it for taxes. Self-employed individuals likely need to make quarterly tax payments in January, April, June and September to avoid penalties. These payments are often calculated based on prior year taxes, or you can use projections for the current year. Tax reform reminds a lot of taxpayers that no one likes surprises. Set up a tax planning meeting with your CPA. ♦

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## New Airbnb tax impacts NJ rental property owners

Do you own a Jersey Shore rental property? Do you rent your North Jersey apartment to New York City-bound tourists? Or do you earn extra income by opening your home for overnight stays? There's a new tax law that impacts everyone who rents a New Jersey property on a transient basis. How you comply depends on how you find your renters.

The New Jersey Airbnb tax imposes two levies: a 6.625 percent sales tax and a 5 percent hotel occupancy fee, adding up to an 11.625 percent surcharge. The tax applies to all stays of less than 90 days. The good news—if you use an agent or third party, there's not much you have to do compliance-wise.

In fact, if you rent through a real estate agent or real estate broker licensed by the New Jersey Real Estate Commission, you don't have to pay the tax at all. If you use an internet site (think VRBO), they will collect taxes from renter and pay the state.

It's a different story if you rent directly. You'll need to properly register with the state, charge your occupants, and then pay the hotel tax monthly and the sales tax quarterly, using the proper forms. If this is the case, now may be a good time to consider working through a third party such as a realtor or online service.

Concerned about how the new tax is impacting your rental income or not sure what type of middleman is best for you? We can help you with the numbers and help you make the right choices. ♦



## 4 reasons why it might be time to consider cloud accounting



**G**oing paperless with your accounting is a big decision, but for most businesses, moving records to the cloud is a smart move. A paperless accounting system can save you money. It can also give you better control, better access to information and better insight about your financial performance. It can also help you work more efficiently. How?

### 1. Cost savings

A study by Bill.com reveals that a company writing 500 checks per month can save \$20,000 or 93% on the costs of check writing alone when they move to a cloud-based system. Those savings include labor, materials, bank fees and postage. A cloud-based system also allows you to instantly collaborate with your banker, CPA, attorney, etc., saving travel costs for you and your advisors, while getting advice more quickly.

### 2. Increased control

With a cloud-based system there is only one version of the books. There are no updates and adjustments needed from your desktop-based system to your accountant's system and vice versa. All information is in real time and can be seen immediately, making for faster decision making.

Cloud systems also allow you to see who is and isn't opening invoices. What's more, data is secure and backed up in the case of a malfunction, theft or disaster.

### 3. Better access

One of the best things about the cloud is that you can login from anywhere. Whether you and your team work in multiple offices,

travel for business, or work from home, access is 24/7.

### 4. Efficiencies

Cloud technologies allow for some interesting efficiencies. Take expense reports for example. With the right app, employees can scan receipts from their phones right into the system instead of scanning receipts in the office, entering the data into an expense report and keying it into the general ledger.

There are hundreds of third party apps that can be integrated with cloud-based general ledger systems — for everything from recording supplies used on a job, to tracking time spent on different clients.

When is it time to go to a cloud-based accounting system? If one of these scenarios describes you or your business, a move now might just make sense:

- I am on the go more than I am in the office.
- Monitoring cash flow is a priority for my business.
- I believe we could benefit from getting paid by customers two to three times faster.
- We have QuickBooks 2016 (or earlier).
- I am overwhelmed with gathering data, receipts and or paperwork come tax time.
- I would like to sync my bank, credit, and/or merchant accounts.
- My preference is real-time reports instead of after-the-fact data.

*Caution: When considering cloud providers, apps and services, be sure that their data security and confidentiality agreements are stringent and well documented. Data should be encrypted and the access to your data should be strictly controlled.*



## The Uber-important question: Employee or independent contractor?

**R**ecent rallies by Lyft and Uber workers are a sure sign that awareness of worker rights is growing. So too are crackdowns on employee misclassification by the government. While the National Labor Relations Board ultimately ruled that ridesharing drivers are independent contractors, the buzz created by the strikes is putting employers on high alert.

In New Jersey, the Department of Labor identified more than 6,000 employees who were misclassified in 2017. To address the issue, Governor Phil Murphy established an interagency task force to combat misclassification.

### Misclassification Penalties

Some business owners purposefully misclassify employees to avoid paying for taxes, overtime, benefits, unemployment and workers' compensation. Others do so unwittingly, due to simple errors or misunderstanding.

There's a lot at stake when it comes to classifying employees. It starts with fines, back payments, steep legal fees, and can end with harm to the employer's reputation, and even jail time when mistakes are made, unintentionally or not.

Penalties can be steep. If misclassification is unintentional, an employer can be charged a \$50 fee for each W-2 not filed, 1.5% of the employee's wages plus interest, 40% of the employee's FICA (Social Security and Medicare) contributions and 100% of the employer's matching FICA contributions.



Misclassify on purpose and it gets more serious with greater fees and fines. There could be up to \$1,000 in criminal penalties per misclassified employee, and up to 1 year in prison. The person who made the error in misclassification can also be held personally liable.

### The ABC Test

How to know whether someone is an independent contractor or an employee? In New Jersey, employers must look at the ABC test for determining employment status.

- A** - The individual is **free from control or direction** over the performance of the work (i.e., they are not supervised, compensated based on performance, or adhere to a set schedule); and
- B** - The service is either **outside the usual course or nature** of the business or is completed off the premises of the business (i.e., the work in question is not an advertised service of your business); and
- C** - The individual is customarily engaged in an **independent trade, occupation, profession, or business** (i.e., the worker may have clients or customers in addition to your business). ♦

## finance alert

## Don't miss out on the R&D tax credit

**R**&D tax credits save U.S. businesses more than \$12 billion annually. Unfortunately, many small and medium-sized businesses aren't taking advantage of them.

Companies that qualify need to make something—including processes, techniques or software. If your business applies for patents, develops prototypes or software, or builds manufacturing facilities, you may be eligible.

The R&D credit can reduce taxes relative to spending on research and development of new products, including products that fail. Depending on the methodology used, the credit will be between 14 and 20 percent on qualified expenses.



Among the criteria that the IRS uses to determine if something qualifies as a research activity is whether it is technological in nature, is used to eliminate uncertainty, and whether it is part of the experimentation process. Once you have a research activity that qualifies, you have to link it with qualified business expenses.

That requires documentation, and a disciplined system for organizing it over several years. For the first year claiming a credit, the qualified expenditures must be calculated for up to four prior years. This can all be complicated, but well worth it. An Alloy Silverstein R&D credit expert can assess your situation and guide you. ♦

- **Alloy, Silverstein, Shapiro, Adams, Mulford, Cicalese, Wilson & Co.**  
- Received the "Voice of Business Award" from the Burlington County Regional Chamber of Commerce, April 29.
- **Ren Cicalese, CPA, PFS, CGMA**  
- Appointed a member of the AICPA Practice Advisory Group for 2019-2020.  
- Featured on the Blind Entrepreneurship Podcast episode "Promoting Financial Longevity for Your Business," March 26.
- **Ronald V. Donato, Jr., CFP®, MBA**  
- Attended the 1st Global Eagles Executive Forum in San Diego, CA, May 19-21.
- **Ren Cicalese III, CPA, MST**  
**Julie Strohlein, CPA**  
- Named to *NJBIZ*'s inaugural Vanguard Series for Accounting in honor of their significant contributions to their firms, communities and the business in general.
- **Ren Cicalese III, CPA, MST**  
- Appointed Secretary for the Southwest Chapter of the NJCPA.  
- Served on the selection committee for the 2019 NJCPA Scholarship recipients, which awarded \$350,000 in funds to 75 accounting students throughout New Jersey.

- **Julie Strohlein, CPA**  
- Co-presented "Navigating the 2019 Business Landscape: Taxes and Trends" with Hyland Levin Shapiro LLP and Surety Title Company, LLC, February 21.  
- Served as a panelist for the Burlington County Regional Chamber of Commerce's Tech Council Roundtable presentation, "The Cloud: Where Do You Do Your Business?," May 7.  
- Guest lectured to advanced accounting students at Burlington Township High School on accounting software choices and business loans, May 13.  
- Represented the firm at the Burlington Township High School Career Fair, May 31.
- **Chris Cicalese, CPA, MSTFP**  
- Named a "20 Under 40" by *South Jersey Biz*.  
- Represented the NJCPA on News 12 New Jersey's Tax Help Hotline during the evening broadcast in Edison, NJ, March 6.
- **Adrienne Dell'Olio**  
- Featured with **Ren Cicalese, CPA, PFS, CGMA** in "From Scholarship to Marketing Success" in the Spring 2019 issue of *Rutgers Camden Magazine*.

## Congratulations

- **Dennis Vogt, CPA**, celebrating his forty-fifth anniversary with the firm.
- **Chris Cicalese, CPA, MSTFP**, and his wife Amy on the birth of their son, Greyson John, April 29.

## Welcome

- **Andrew Antuzzi, Jr.**, a recent Rutgers University-Camden graduate.
- **Trupti Rashatwar**, formerly employed at a Voorhees CPA firm.
- **Matthew Rosenthal**, formerly employed at Philadelphia and Lawrenceville firms.

## Alloy Spotlight



In honor of Alloy Silverstein's sixtieth anniversary, this quarter's Alloy Spotlight is on Shareholder **R. Dennis Vogt, CPA**, who has been with the firm for 45 years.

"It was just yesterday when I started," laughs Dennis, who joined Alloy Silverstein in 1974 right out of college and was promoted to partner in 1985.



Dennis directs the firm's litigation support, business valuation and retirement planning groups. He is also administrator and director of Continuing Professional Education (CPE), ensuring that all Alloy Silverstein employees meet CPE requirements for their licenses. In addition to providing general accounting and tax services to the firm's clients, his areas of special interest include construction and real estate, as well as individual tax preparation and retirement planning advice.

Why accounting? The proud Villanova graduate started college as an engineering major but soon learned that business was a better fit for his interests and math skills. He graduated with a B.S. in business administration and an appreciation for the precision and guiding principles of accounting. He especially values the human side. "I enjoy the interaction with clients, the knowledge that I'm helping them, and the long-term relationships I've built over 45 years."

Dennis is a licensed CPA in New Jersey and Pennsylvania, a member of the American Institute of CPAs, and both the New Jersey and Pennsylvania Societies of CPAs.

Active on several boards throughout his career, he is currently chairman of the finance committee of the Girl Scouts of Central and Southern New Jersey.

Dennis keeps up with and spreads the news about his three grandchildren: Cameron and Presley, just beginning primary school in Las Vegas, and Whitney, born this past October in Cherry Hill. He also has a soft spot for dogs and can be seen regularly walking his good friend Ted, a Shih Tzu. The Camden County native and self-proclaimed 'hometown guy' is an avid fan of the Phillies, the Eagles and Wildcats Basketball, and as often as possible enjoys a round of golf with his business and longtime friends. ♦



A big thank you to our clients and friends! Coordinated by team member **Gabrielle Perry**, Alloy Silverstein collected dog and cat food, treats, toys, office supplies, and other necessities this tax season to benefit the Animal Adoption Center in Lindenwold, NJ.



Alloy Silverstein hosted "Opportunity Zones: The Who, What, Where, When, and Why" presented by **Brad A. Molotsky, Esq.** of Duane Morris LLP. The February 26 breakfast event was held at Topgolf Mt. Laurel and welcomed over 90 South Jersey executives.



## something <sup>2</sup> consider

### Titling assets to avoid probate

by Ronald V. Donato, Jr., CFP®, MBA

Probate is the court-supervised process of authenticating a last will and testament if the deceased made one. It includes locating and determining the value of the decedent's assets, paying final bills and taxes, and distributing the remainder of the estate to the rightful beneficiaries. Probate can be a costly and time-consuming process, but it can be avoided fairly easily. Below are four ways to avoid probate. Which one applies to you will depend on your desired beneficiaries and other factors. We will be happy to discuss any of the following with you, and will direct you to an attorney if necessary.

**Give away all of your property** – This is an extreme measure, but of course if you have no property you will not have an estate that will need to be probated. You won't need an attorney to do this, unless you put all the assets/property into a type of trust that will allow you to draw income from the trust during your lifetime. Naturally, you may want to hold onto your assets so that you have enough on which to live. You will also need to be careful regarding how to report gifting.

**Put your assets into joint ownership** – Not all joint titles are created equal. To avoid probate you will want to title as joint ownership with rights of survivorship or tenancy by the entirety (if you are married). Note that you can put some

assets into joint ownership without being obligated to do that with others. Know that there are issues to be aware of regarding joint titling and which relate to gifting, disposition of the assets in the case of an account holder being sued or divorced, and other issues that should be discussed prior to changing the title.

**Use beneficiary designations** – Of course, life insurance and various retirement accounts allow you to name beneficiaries, which avoids probate. You may also designate beneficiaries for your non-retirement investment or bank accounts. This is referred to as a "transfer on death" (TOD) or "payable on death" (POD). Some states also allow you to do a transfer on death on real estate assets. You don't necessarily need an attorney to put non-retirement assets into POD or TOD titles.

**Use a revocable living trust** – This is something you should definitely discuss with an attorney. You must be careful to properly fund the trust. If any of your assets are not included in the trust and are also not covered under one of the avoidance vehicles above, then they are included in your probate estate.

Which of the above will actually work for you will depend on your own unique family and financial situations. Let us know how we can help! ♦

### Commemorating 60 years

Alloy Silverstein is proudly celebrating 60 years in business. Founded in 1959 by Marvin Alloy and Raymond Silverstein, the firm was originally headquartered in Pennsauken, NJ before moving to its N. Kings Highway location in 1973. The firm has seen much growth including its range of services, number of team members, geographic footprint, and diverse clients. In 2019, our high-quality service was formally recognized by ClearlyRated™ and the firm was one of 25 in the nation to receive a Best of Accounting 2019 Award for excellence in client service. ♦



Alloy Silverstein welcomed Cherry Hill Mayor Chuck Cahn and Councilman Brian Bauerle to our anniversary celebration, where they presented the firm with a township Proclamation.



Alloy Silverstein's team members celebrated the occasion at our Hammonton, NJ office and welcomed Mayor Stephen Didonato.

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abacus  
payroll, inc.

### Payroll Express joins Abacus Payroll

Payroll Express Inc. of Northfield, NJ has merged into Abacus Payroll Inc., a sister company to Alloy Silverstein Accountants and Advisors. Based out of Hammonton, NJ, Abacus is committed to prioritizing top-tier client service and ensuring our clients' employees receive their paychecks on time each pay day. The merger affords clients additional industry expertise, the latest payroll technology, and an expanded team of payroll professionals and resources. Services for small, medium, or large businesses include payroll processing, direct deposit, pay cards, tax filing, employee self-service, timekeeping, custom reporting, pay-as-you-go workman's compensation insurance, onboarding and applicant tracking, HR support, and more. ♦

### Alloy Academy



In 2019, our Alloy Academy workshops began welcoming guest presenters from the South Jersey business community to broaden the topics offered to our clients and contacts on a monthly basis.

We would like to thank the following presenters for our successful March, April and May workshops:

- **Laura L. Ergood, Esq.** of Ergood Law LLC – What You Don't Know About Medicaid, Asset Protection & Estate Planning Could Hurt You
- **Michael Nelson** of DFDR Consulting LLC – Cyber Security or Incident Response: Which Will Your Business Invest in First?
- **Mike Regina**, a South Jersey entrepreneur and inspiring speaker – Take Your Network From Zero to Hero in a Year

If you would like to be considered to present at a future Alloy Academy workshop, submit your name and topic for consideration at [www.alloysilverstein.com/alloy-academy/](http://www.alloysilverstein.com/alloy-academy/). ♦

## What the IRS is up to

### Backup withholding lowered to 24%

Tax reform legislation has lowered the backup withholding tax rate to 24 percent and the withholding rate that usually applies to bonuses and other supplemental wages to 22 percent. Employers should encourage their employees to check their withholding using the IRS Withholding Calculator.

### New requirement for Employer Identification Numbers

Beginning May 13, 2019 only individuals with tax identification numbers – either a Social Security number (SSN) or an individual taxpayer identification number (ITIN) – may request an employer identification number. This new requirement will provide greater security to the EIN process by requiring an individual to

be the responsible party and will also improve transparency. The change prohibits entities from using their own EINs to obtain additional EINs.

### Latest tax scams and consumer alerts

Thousands of people have lost millions of dollars and their personal information to tax scams. Scammers use the regular mail, telephone, or email to trick individuals, businesses, and payroll and tax professionals. Some of the latest schemes include fraudsters posing as a taxpayer advocacy panel sending emails about a tax refund, and imposters soliciting W-2 information from payroll and human resources professionals. The IRS doesn't initiate contact with taxpayers by email, text messages or social media channels to request personal or financial information. ♦

## Upcoming **tax** deadlines

### June 17

– Second quarter individual estimated tax payments for 2019 are due.

### July 31

– Due date for filing 2018 retirement or employee benefit plan returns (5500 series) for calendar-year plans.

### September 16

– Third quarter individual estimated tax payments for 2019 are due.  
– Extension deadline for 2018 S-corporation and partnership returns.



*This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us. Information used is obtained from sources considered to be reliable.*

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