



Year-end tax planning for your business

As 2021 winds down, here are some ideas to help manage your small business and prepare for filing your upcoming tax return.

- Identify vendors who require a 1099-MISC and 1099-NEC and obtain their tax identification numbers.
- Determine if you qualify for the Paycheck Protection Program (PPP) safe harbor threshold so you can deduct certain 2020 expenses.
- Accelerate income or defer earnings based on profit projections. Review receivables, focus on collections and consider possible write-offs.
- Certain business meals are 100% deductible in 2021. Gather the necessary receipts and documentation for this and all expenses. Also consider any last-minute deductible charitable giving including long-term capital gain stocks.
- If claiming bonus depreciation expense, you must place the qualified assets in service prior to year-end.
- Remove obsolete or worthless products from inventory and track this for a potential tax deduction.
- Organize your records by major categories of income, expenses and fixed assets purchased. ♦

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clientalert

winter 2021

New year, new financial outlook

Here's a fresh approach to help you put your finances in perspective for 2022.

See the big picture.

It's hard to make financial decisions in a vacuum. Having a budget, knowing your credit score, understanding your net worth and taking inventory of your personal belongings are key factors for financial stability. Adjust your budget based on the past year. Check your credit score if you're planning to finance a major purchase and resolve any discrepancies before seeking financing. Track your net worth—what you own vs. what you owe—year to year to measure your financial position. Also, create a video inventory of items in your home as essential proof in case of a disaster.

Take the long view.

Have you considered where you want to be five or ten years from now? Prioritize your goals, and establish deadlines for each. Be sure to consider the future of your assets. Review your retirement and estate plan beneficiaries and update your



will to reflect your current wishes and financial position. Also, consider documenting all of your financial information in one organized place. You can find a complimentary Personal Financial Organizer tool at www.asfinancialservices.com.

Clarify your vision.

You can't plan without data, but what if it's buried? Purge unnecessary financial records from your computer, or if you keep hard copies, shred them. Protect your electronic records by updating your operating system with the most recent security patches, turning on your smartphone's encryption settings, and using two-factor authentication whenever possible. ♦

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The hidden tax consequences of cryptocurrency

You have probably heard of Bitcoin and maybe Dogecoin and Ripple. There are more than 4,500 cryptocurrencies and all of them have hidden complications. Here's what you need to know.

Every transaction has a tax consequence. The IRS treats cryptocurrency as investment property, and every transaction is treated as a capital gain or loss. Let's say for example, you buy Bitcoin for \$10, the value increases to \$15 and you use all of it to make a purchase. The IRS considers that a \$5 short-term gain.

Big gains mean big taxes, but losses may be limited. There is no annual tax cap for gains on cryptocurrency sales. Yet there is a \$3,000 annual loss limit. You will need to budget appropriately for taxes whenever you use or sell cryptocurrencies.

Cryptocurrencies put you on the IRS's radar. The IRS is so concerned about potential tax mistakes and fraud related to cryptocurrency that the first question on the tax form is if you had any cryptocurrency transactions in the past year. With the IRS watching so closely, it's vital to keep accurate records so you can report all gains and losses properly and substantiate transactions if you are audited. ♦

How to be smarter than the fraudsters

There is financial fraud here, cybercrime there and threats just about everywhere. What can individuals and businesses do to outsmart the imposters? It starts with knowing current frauds.

Pandemic related scams – Making the rounds now is a fake IRS notice about a third Economic Impact Payment. Remember that the IRS doesn't initiate contact by phone, email, text or social media or ask for personal or financial information. Another recent scam involves unemployment benefits. If you get a Form 1099-G showing compensation you didn't receive, contact your state agency. If the matter isn't resolved by tax time, complete your return claiming only the unemployment income you received.

Holiday shopping swindles – Phony websites featuring non-existent products and bogus coupon offers abound. Before you buy, check URLs thoroughly and make sure that the company has a working customer service number. Pay with a credit card—most offer full protection on fraudulent purchases. Be extra vigilant on Facebook Marketplace. Criminals are out in force here. Look for suspiciously low

prices and sellers who won't show you the item in person.

Emotional ploys – At this time of year, beware of fake nonprofits. Before you donate, use the IRS Tax Exempt Organization search to verify the charity.

Business cons – Now that it's almost W2 season, put your employees on guard to safeguard social security numbers and be alert for falsified direct deposit requests to divert funds. Urge them to look at every single character in an email address, scrutinize messages, and verify anything suspicious with a phone call. Employees also need to know to communicate concerns immediately because some states have time limits to inform customers if you do have a data breach.

A word to the wise – Generally, beware of high-pressure situations, offers that seem too good to be true and demands for wire transfers or gift card payments. A little healthy skepticism can't hurt. If you do fall victim to a fraud, consider freezing your credit, changing your passwords immediately and adding two-factor authentication to your accounts. ♦



Retirement planning – it's never too early or too late to start

One day you're interviewing for your first job and the next you're a few short years from Social Security. Whatever life stage you are in, there are relatively painless ways to build a decent retirement nest egg.

In your twenties and thirties, save enough in your employer's 401(k) to qualify for the company match, build your portfolio and save for college if you have children. As you move into your forties, balance your investments and plan your goals with a financial advisor.

What if you're in your late forties or early fifties and are far from your goals? Here are some strategies:

- **Think about downsizing.** Selling your home can enable you to move to a residence with a smaller tax burden, lower costs and a more favorable cost of living for seniors.
- **Continue to work, even part time.** If you love your job, putting retirement off for five years can boost your retirement funds tremendously, particularly your Social Security benefits.

- **Pay down debt.** Being debt free will provide much more disposable income which can be placed in a retirement account. Attack credit card debt first.

- **Beware of midlife money blunders.** Do not look for the hottest investments. The closer you are to retirement age, the fewer years left to recoup investment losses.

No matter where you are in life, taking the first step will get you closer to where you want to be in your retirement years. Contact us for a one-on-one meeting with an Alloy Silverstein financial advisor to discuss implementing a personalized financial plan.♦



business alert

Put process improvement at the top of your 2022 list

The numbers are staggering. Companies lose between 20 and 30 percent of annual revenue due to inefficiencies (Source: IDC).

If you're looking for ways to improve your competitive position and profitability, a good place to start is by identifying operational inefficiencies. This is especially important as companies that have lost staff learn to keep up, and those with hybrid workforces learn how to run as smoothly as when they were completely in-person.

Here are eight business functions to review:

- Accounts payable and receivables, billing, and invoicing
- e-Commerce
- Expense management
- Manufacturing
- Payroll and time tracking
- Point of sale
- Reporting and analytics
- CRM and contact management

As for tasks to focus on, here are six that can be improved



and automated with technology:

- Track mileage
- Pay bills
- Accept credit card payments
- Create dashboards and performance indicators
- Payroll solutions
- Marketing

Process improvement can not only streamline work, it can also improve morale, enhance customer experiences, reduce human error, help you make better informed decisions and ultimately, put you in a stronger financial position. Alloy Silverstein Cloud Services can guide you with the technology upgrades to achieve your goals.♦

■ Alloy Silverstein Accountants and Advisors

-Received the Builders League of South Jersey (BLSJ) MAME Award for Best Marketing/Branding Campaign in recognition of the firm's COVID-19 Resource Center, November 10.

-Sponsored the BCSJ Luncheon "What's The Buzz? Your Canna-Business Questions Answered," November 17.

■ Ren Cicalese, CPA, PFS, CGMA

-Featured in "Anyone There? Why The Pipeline of Professionals Might Be Drying Up" in *NJBIZ*, October 11.

■ Ren Cicalese III, CPA, MST

-Appointed to the Board of the Risk Management Association's Southern New Jersey Chapter.

-Received the Voice of Business Young Professional Award by the Burlington County Chamber of Commerce, December 2.

-Presented the Alloy Academy webinar "The Employee Retention Tax Credit: It's Not Too Late," November 10.

■ Julie Strohlein, CPA

-Named a JerseyMan Man and Woman of the Year Honoree, benefitting the United Way of Greater Philadelphia and Southern New Jersey, November 4.

■ Chris Cicalese, CPA, MSTFP

-Featured in "Planning for the Unpredictable" in the October issue of *South Jersey Biz*.

-Presented on the CPA career path to Cherry Hill West High School on behalf of the New Jersey Society of CPAs, October 29.

Happy Anniversary

■ **Julie Strohlein, CPA**, celebrating her fifteenth anniversary with the firm.

■ **Kelly Raso, CPA**, celebrating her thirty-fifth anniversary with the firm.



This quarter our employee spotlight is on **Robert Gargone, CPA**, an associate partner at the firm.

Bob, who started his career at one of the big eight accounting firms in New York City, started practicing in Hammonton in 1972. He merged his Hammonton-based firm with Alloy Silverstein in July 2008 to focus more on the customer relationships that he holds dear.

"I was spending more time on the business than in the business," he notes. "What I love most is the people contact, the ability to help individuals and companies with their taxes. Merging with Alloy allowed me to focus on clients and the accounting work that I enjoy immensely. It also brought my clientele more resources than before."

Bob provides accounting and tax services to clients in the retail, construction and agricultural industries, with Hammonton blueberry farms a particular niche.

Known for his responsiveness, honesty and professional advice, Bob has client relationships that span decades. "He has been wonderful and has always been there for us," says one client. "We've been doing business with Bob for over 25 years, starting with my husband's business. He took good care of us, always looking out for our best interests."

Bob has a bachelor's degree in accounting from Saint Joseph's University and is a licensed CPA in New Jersey. He is a member of the American Institute of Certified Public Accountants and the New Jersey Society of Certified Public Accountants.

Born and raised in Atlantic City and Margate, he resides in Galloway with his wife, Fran, and enjoys seeing his daughter who lives in New Mexico. In his spare time, Bob is an avid salt-water fisherman who can often be found on his boat in the Atlantic Ocean. Another passion is landscaping around his home, mainly with perennials and shrubs. ♦



Janine Kiriluk and Alloy Silverstein's team members proudly helped raise \$4,495 for the JB Memory Makers fundraising team for the Alzheimer's Association Walk to End Alzheimer's in Philadelphia, PA on November 13.

Follow us on social media



Stay up-to-date with the latest firm information and breaking tax and business news.

(We also appreciate reviews and recommendations!)

Schedule Changes

Holiday Closures:

In observance of the holidays, our office will be closed on Friday, December 24, Monday, December 27, and Friday, December 31.

Tax Season Hours:

Effective February 1 through April 15, we will have extended office hours and our CPAs will be available to you by email, phone and for virtual meetings.

something 2 consider

Hello, Goodbye

by Ronald V. Donato, Jr., CFP®, MBA

Does it ever feel like that is what you say to your paycheck: Hello, Goodbye? Well, with high inflation for many necessary items being one of the wonderful new issues with which we must contend, it may be time to reconsider your budget. I know, that is not a lot of fun; but it should be done by everybody! Following is a suggested starting point for the process. Of course, your priorities may be different and are likely unique, but “well-begun is half-done.” So here is a very basic way to get started.

YOU SAY YES, I SAY NO

Step one is to set your priorities. If you have a spouse or other interested party in your household, you may not agree on these. Have the discussion! If you cannot agree on the priorities, then it is highly unlikely that you will both/all follow the budget. I strongly suggest that the first priority should be to spend no more than your income (hopefully less than that) on the regular and necessary expenses. One easy way to gather the expense information is simply to put your most recent statements for utility, mortgage or rent, insurance, food, transportation, tax, and other necessary expenses into a pile and add them up.

OH NO!

Step two is to make sure you have emergency funds! Sometimes the heater breaks, or the car needs repair, etc. Generally, you should try to put away enough to cover at least 50% of your regular income as an emergency fund. This won't happen quickly for most of us, but you must have emergency funds to cover unexpected expenses. You will have an idea of what is coming if your heating and A/C or roof are a bit old, or if the car has many miles, for example.

WHEN I'M 64

I know, not the same song, but stick with me here. Step three is to save for retirement. When you contribute to your 401(k) or IRA, you typically get a tax break; and if your employer matches any of that you get free money!

Please don't wait until you are 64 to start.

YOU SAY STOP, AND I SAY GO

Step four is to plan your extra stuff.

Obviously, these are NOT the top priority; but if you can afford dinner out or a trip, then put it into the budget. If you cannot presently afford this, then make it an aspirational item and start saving.

I SAY YES, BUT I MIGHT MEAN NO

Step five is to evaluate saving for weddings, education, etc. This is so far down the list for this reason: you and your children can borrow for this if needed. I don't like debt either, and if you can afford these on your current income or have saved for them in advance, then good for you. But frankly I would rather see you save for your own retirement and take on a responsible amount of debt than retire with no savings.

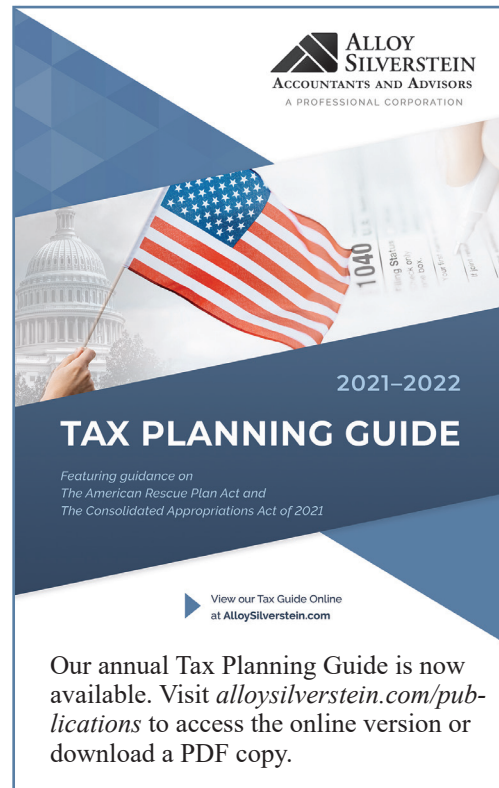
Don't forget, this is not a one-time thing and should be re-evaluated at least each year, and adjusted as needed.

We have done in-depth retirement and financial plans for our clients, and they are all unique. However, you can go onto our website and find some tools that will help with your planning and budgeting. ♦

New Financial Resources Available

Our wealth management division, Alloy Silverstein Financial Services, Inc. is excited to announce a brand new website, www.asfinancialservices.com, featuring an updated look and an expanded online Resource Center. You can now follow us on our new social media pages on Facebook, LinkedIn, and Twitter (@AlloyFS).

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2021-2022
TAX PLANNING GUIDE

Featuring guidance on
The American Rescue Plan Act and
The Consolidated Appropriations Act of 2021

View our Tax Guide Online
at AlloySilverstein.com

Our annual Tax Planning Guide is now available. Visit alloysilverstein.com/publications to access the online version or download a PDF copy.

Externship Day January 12, 2022

Alloy Silverstein will host a virtual event for area college majors wanting more information on a career in public accounting. If you know of a college student that might be interested, an application is available at alloysilverstein.com/externship

happy holidays

Thank you giving us the opportunity to serve you. We appreciate your trust, your loyalty, and the confidence you have placed in us, and we value your business.

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What the IRS is up to

The Infrastructure Investment and Jobs Act changes the ERTC.

Now, the final eligible quarter for Employee Retention Tax Credit is 3rd quarter 2021 instead of 4th quarter. But employers can still file amended payroll returns if you are eligible to receive the credit. Your accountant can determine eligibility and work the calculations for you.

A lesser-known tax credit for ADA compliant websites.

Small businesses with fewer than 30 employees or \$1 million in gross receipts can receive up to \$5,000 in tax credits for making their websites ADA compliant. The credit can cover 50% of eligible costs in a year up to \$10,250 in expenses.

Inflation increases Social Security and standard deductions for 2022.

Millions of Americans will see a 5.9% increase in their Social Security benefits and Supplemental Security Income (SSI) payments in 2022. Also, the maximum amount of earnings subject to Social Security payroll tax in 2022 will be higher.

IRS releases new standard deductions for 2022.

The standard deduction for married couples filing jointly for tax year 2022 rises to \$25,900 up \$800 from the prior year. For single taxpayers and married individuals filing separately, the standard deduction rises to \$12,950 for 2022, up \$400, and for heads of households, the standard deduction will be \$19,400 for tax year 2022, up \$600. These adjustments apply to tax returns filed in 2023.

Upcoming **tax** deadlines

January 3

- Extended deadline for those impacted by Hurricane Ida in designated disaster areas.

January 18

- Due date for fourth installment of 2021 individual estimated tax.

January 31

- Due date for employers to provide W-2 statements to employees and to also file Forms W-2 with the Social Security Administration.
- Due date for payers to provide Form 1099-NEC for nonemployee compensation to the IRS and to recipients.
- Due date for payers to provide Form 1099-MISC to recipients.
- Due date to furnish Form 1095-C to full-time employee recipients.
- Employers must file 2021 federal unemployment tax returns and pay any tax due.

February 28

- Payers must file Forms 1099-MISC, 1095-B, and 1095-C with the IRS (March 31 if filing electronically).

March 1

- Farmers and fishermen who did not make 2021 estimated tax payments must file 2021 tax returns and pay taxes in full to avoid a penalty.

March 15

- Deadline to file partnership and calendar year S-corp 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.