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Newsletter

January 2019

This month:

January 15: 4th Quarter Estimated Payments Due

March 15: 2018 Calendar Year S- Corporation Income Tax Returns are Due
2018 Partnership Income Tax Returns are Due

The new year is upon us! We hope this email finds you doing well, now is the time to start thinking about your tax preparation plan.

Call if you would like to discuss how any of this information relates to you. If you know someone that can benefit from this newsletter, feel free to send it to them.

Tips for a Faster Refund

As the tax filing season approaches, there are steps you can take now to speed up the filing process. The faster your return is filed, the faster you get your refund. Even if you end up owing money to the IRS, knowing the amount due sooner gives you more time to come up with the funds needed to pay your tax bill. Here are things you can do now to get organized:

1. **Look for your tax forms.** Forms W-2, 1099, and 1098 will start hitting your mailbox. Look for them and get them organized. Watch for our tax organizer to be mailed early this month.
2. **Don't wait for Form 1095s.** Once again, proof of health insurance coverage forms are delayed. The deadline for companies to distribute most Form 1095s to employees is pushed back to March 4. The IRS is OK with filing your return prior to receiving the proof of insurance form as long as you can provide other forms of proof. Remember, 2018 is the last year of penalties if you do not have adequate insurance coverage.
3. **Finalize name changes.** If you were recently married or had a name change, file your taxes using the correct name. File your name change with the Social Security Administration as soon as possible, but be aware of the timing with a potential name conflict with the IRS.
4. **Collect your information and send to us as soon as possible.** The sooner we receive your information the sooner we are able to start on your returns. As a reminder, we work first in first worked this time of year.
5. **Clean up your auto log.** You should have the necessary logs to support your qualified business miles, moving miles, medical miles and charitable miles driven by you. Gather the logs and make a quick review to ensure they are up to date and totaled.
6. **Coordinate your deductions.** If you and someone else may share a dependent, confirm you are both on the same page as to who will claim the dependent. This is true for single taxpayers, divorced taxpayers, taxpayers with elderly parents/grandparents, and parents with older children.

While you are organizing your records, ride the momentum to start your filing system for the new year. Doing so will make this process a breeze this time next year!

If you are not sure whether something is important for tax purposes, retain the documentation. It is better to save unnecessary documentation than to later wish you had the document to support your deduction.

Tips for Submitting Information to Kramer & Jensen

1. Please **Summarize** any information possible (e.g. Medical Expenses, Charitable Contributions, Rental Property Expenses, Business Expenses, etc.)
2. Generally we do NOT require all of your receipts but you need to maintain backup for your tax return. If you summarize your medical, cash charitable contributions, or other business or rental property expenses we do not need copies of individual receipts unless we request them. However, **we do want complete copies of all W2s, 1099s, 1098s, etc.**
3. Return your **signed** engagement letter and completed organizer
4. Please **confirm estimated tax payment information** including: a; Date payment was mailed in; b. Amount of Payment; c. Indication of whether it went for Federal or State taxes
5. If you **sold or purchased real estate**, we generally **only** need a **copy of the settlement** or closing statement. We do not need all the other closing documents.
6. A face to face meeting is not required for submitting your documentation. Many of our clients drop off, or mail in their materials.
7. Please split meals into a different expense category than entertainment expenses.

Every Business Needs Cash!

5 keys to better cash management

Focusing solely on sales and profits can create a surprise for any business when there is not enough cash to pay the bills. Here are five key principals to improve your cash management.

Create a cash flow statement and analyze it monthly. The primary objective of a cash flow statement is to help you budget for future periods and identify potential financial problems before they get out of hand. This doesn't have to be a complicated procedure. Simply prepare a schedule that shows the cash balance at the beginning of the month and add cash you receive (from things like cash sales, collections on receivables, and asset dispositions). Then subtract cash you spend to calculate the ending cash balance. If your cash balance is decreasing month to month, you have negative cash flow and you may need to make adjustments to your operations. If it's climbing, your cash flow is positive.

- **Bonus tip:** *Once you have a cash flow statement that works for you, try to automate the report in your accounting system. Or even better, create a more traditional cash flow statement that begins with your net income, then make adjustments for non-cash items and changes in your balance sheet accounts.*

Create a history of your cash flow. Build a cash flow history by using historical financial records over the course of the past couple of years. This will help you understand which months need more attention.

Forecast your cash flow needs. Use your historic cash flow and project the next 12 to 24 months. This process will help identify how much excess cash is required in the good months to cover payroll costs and other expenses during the low-cash months. To smooth out cash flow, you might consider establishing a line of credit that can be paid back as cash becomes available.

Implement ideas to improve cash flow. Now that you know your cash needs, consider ideas to help improve your cash position. Some ideas include:

- Reduce the lag time between providing services and invoicing.
- Re-examine credit and collection policies.
- Consider offering discounts for early payment.
- Charge interest on delinquent balances.
- Convert excess and unsold inventory back into cash.

Manage your growth. Take care when expanding into new markets, developing new product lines, hiring employees, or ramping up your marketing budget. All require cash. Don't travel too far down that road before generating accurate cash forecasts. And always ask for help when needed.

Understanding your cash flow needs is one of the key success factors in all businesses. If your business is in need of tighter cash management practices, now is the perfect time to get your cash flow plan in order.

IRS Announces 2019 Mileage Rates

Mileage rates for travel are now set for 2019. The standard business mileage rate increases by 3.5 cents to 58 cents per mile. The medical and moving mileage rates also increase by 2 cents to 20 cents per mile. Charitable mileage rates remain unchanged at 14 cents per mile.

2019 Standard Mileage Rates

Standard Mileage Rates

Mileage - Rate/Mile

Business Travel - 58 cents

Medical/Moving - 20 cents

Charitable Work - 14 cents

Here are 2018 rates for your reference, as well.

2018 Standard Mileage Rates

Standard Mileage Rates

Mileage - Rate/Mile

Business Travel - 54.5 cents

Medical/Moving - 18 cents

Charitable Work - 14 cents

Remember to properly document your mileage to receive full credit for your miles driven.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also,

thank you for recommending us to your family, friends, and associates. We appreciate your referrals.

Scott Jensen
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