



Kinner & Company Ltd Fall Newsletter



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It is about that time and as a team we have decided...

It gets cold fast!

We are looking at another Tax Season together and can't wait to show you what our team is made of! We appreciate your business and look forward to the busy tax season.

*Happy Holidays,
Kinner Team*



Kinner & Company Team plants 44 trees in memory of Keith

These 10 tips could help you improve your cash flow.

1. Give a discount for early payments, payments made in the first month. This is easier to enforce than a penalty for late payments and is more attractive to the clients.
2. Take time paying your bills; if given 30 days, take the full 30.
3. There is no point having idle money in a firm. Try investing surplus funds in a high-interest bearing account.
4. Know when the money should come in, when it is likely to come in, and when you will have to pay it out. This can help you prepare for the inevitable delays.
5. Send invoices as soon as possible. Follow up the day after the invoice is overdue with a polite phone call to jog the memory.
6. Have different options for payments and emphasize your preference for electronic payments, which clear more quickly.
7. Split payments for longer projects so you are not waiting for the full invoice at the end of the job.
8. Monitor your stock and replace products that are unlikely to sell. Focus on the better selling, higher-margin items.
9. When things get tight, triage your payments. Call and negotiate extended periods of deferred payments. Don't pay the biggest debt first—pay the most important.
10. Link sales commissions to invoices paid rather than revenue billed. A cold call from your accountant to a client asking why a bill is unpaid is going to be less well received than the sales rep giving a friendly reminder at the next meeting. It also gives the sales person a reason to speak to the client again and maybe lay ground for another sale.

Manage your Time Better

- î Get and use a day planner. Write down the things you need to do.
- î Cross items off your list as you complete them.
- î Complete the most important and time consuming items first.
- î Allow time for yourself.
- î Combine tasks and keep something enjoyable to read with you while you run errands.

Donations are deductible by the taxpayer in the year the charity receives the donation. For example, most churches now use pledge cards. You can pledge a contribution of \$2,000 to your church and pay \$1,000 in 2011 and \$1,000 in 2012. The only contribution deduction in 2011 is \$,1000 (the amount actually paid). Donations over \$250 need to have a receipt from the organization and the receipt needs to say "no goods or services were received in exchange for these donations".

Insurance and Disaster Payments

- Crop insurance and disaster proceeds are usually taxable in the year that you receive it. However, you might be able to postpone the proceeds if you receive it in the same year that your crops were damaged and you normally would have sold your crops in the following year.
- If you received an insurance check for property damage you have 2 years after the year you received the damage check to get your property fixed or replaced. If you don't spend all of the damage money it may be taxable in the year it is received.

REMINDER: REPAYMENT OF 2008 FIRST-TIME HOMEBUYER CREDIT

Remember, if you purchased a home in **2008** and you claimed the First-Time Homebuyer credit, you should have started repayment of the credit on your 2010 return which was due April 18, 2011. Repayment will continue on your 2011 return and thereafter until the credit is repaid. Unlike later credits, the **2008** credit is like a 15-year interest-free loan. The amount is repaid in 15 equal annual payments as additional tax on your tax return. You do have the option of paying more than the annual amount due on Form 5405.

You could increase your federal withholding or make quarterly estimated tax payments to make up for the repayment amounts.

If you received the maximum available credit of \$7,500 on your **2008** tax return, repaying the credit should have begun on your 2010 tax return with one-fifteenth of \$7,500 or \$500. The \$500 is due each year from 2010 to 2024.

Things to do before the New Year starts:

- Sign up for flex plan if offered through your employer. The tax savings each year out-weigh the little bit of paperwork that's involved.
- Fill out a new W-4 at work and claim a larger amount of exemptions if you get a large refund each year. Don't let the government use your hard earned money interest free.
- If you aren't contributing to a company 401(k) plan, get signed up and start. Many companies will match your contributions which will be a nice bonus each year.
- If you are already contributing to a 401(k) plan consider increasing your contributions a percent or two. Chances are you won't even miss the money each pay period but you'll sure appreciate it at retirement time.
- If your company offers a Roth 401(k) plan consider switching to this plan. Give us a call to see if this is the best move for you. Many taxpayers in our area are better off going Roth.

"You must learn from the mistakes of others. You can't possibly live long enough to make them all yourself."
Sam Levenson

Ø I have some old savings bonds that I don't want to cash in yet, but I heard that the government is no longer dealing in paper bonds. Is there a deadline for me to cash in or convert these bonds?

Starting January 1, 2012 US Savings Bonds will be sold only electronically, through the Treasury Department's Treasury Direct Web site (www.TreasuryDirect.gov). Banks & credit unions will no longer sell savings bonds. However, you will still be able to redeem the paper bonds at financial institutions whenever you choose.

To Itemize or Not To Itemize

There are many different reasons a person should choose to itemize instead of take the standard deduction.

One reason that a person should choose to itemize is if the total deductions is more than the standard deduction. If one has large uninsured medical and dental expenses, paid interest or taxes on the home, has large uninsured casualties or theft losses, and has a large amount of unreimbursed employee business expenses, they should itemize. It all depends on the person and their expenses. If someone takes the standard deduction one year but the next year they have a large amount of medical expenses, they can choose to itemize. The bigger the number the better as it lowers the amount of income tax that you'll pay.

Child Identity Theft?

A recent study found that up to 10% of children's Social Security Numbers were being used by at least more than one person.

A couple of the warning signs that your child's ID may have been stolen are getting credit card offers in the child's name or getting calls from collection agencies for the child. If there is this kind of activity, check with the three credit reporting agencies to see if there has been activity with your child's SSN.

Children should not have a credit report before age 18 because they can't contract for credit. You should check the child's credit reports when the child is 16 even if there haven't been any warning signs (then you have two years to clean up the report if there are mistakes or fraud).

AgriPlan/BizPlan

It's the time of the year when everyone is thinking about tax planning. One product that we can offer you (if you are looking for additional deductions) is a medical reimbursement plan called AgriPlan/BizPlan. This plan allows you to make your family medical expenses and health insurance a business expense. Our average client that's participating in this plan saves about \$4,000 each year in taxes. Let us know if you're interested in getting a plan like this set up and we'll get you going on it.

CREDIT CARD INCOME:

If you accept payments from customers by credit card you may receive a form 1099K in January reporting how much you received and when. We will need this form to file your tax return this year as the IRS is requiring that if you received more than \$20,000 and had more than 200 receipts from credit cards that we split these payments out on your tax return starting on your 2011 return.

Assisted Living – Itemized Deduction

If you or a parent is living in assisted living and you'd like to be able to write off the bill as an itemized deduction on your tax return you'll need to obtain an ADL certification from your doctor. If your doctor will give you one of these the IRS will not question the amount if you were to get audited.

Beware:

Reduced student loan brings big tax bill. If a lender allows a graduate to pay less than the full amount of a loan, that entire discount is considered taxable income by the IRS. Example: A lender agreed to reduce a student's loan by \$28,000—so the IRS said that the student had \$28,000 in taxable income. A court agreed with the IRS position. What to do: Discuss any loan forgiveness or other changes in debt status with a knowledgeable financial adviser. Be aware that the discount is not considered taxable income if the graduate works in certain professions for set periods in specific areas (such as a teacher in an inner city).

The section 179 accelerated depreciation amount is \$500,000 for 2011 and is set to drop to \$139,000 for 2012.



**The last day to file
your 2011 tax
return will be
April 17, 2012.**

Flex Plans

Many companies offer their employees flex plans (often referred to as cafeteria plans or section 125 plans).

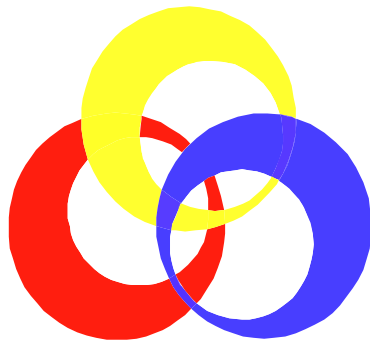
If your company offers you one of these plans you need to consider contributing to it. Basically when you choose to participate in a flex plan you take the amounts that you estimated for these expenses and they come out of each paycheck. The money then gets set aside in an account for you to use when medical or daycare expenses arise.

When you contribute to one of these accounts the money goes in "pretaxed," saving you quite a bit in tax...giving you more power with the flex monies.

If you'd like to know more about contributing to one of these plans let us know and we'll help you figure out the amount to contribute...or if your company doesn't have a plan like this and you think you'd benefit let us know and we'll contact your employer to see if they'll consider getting one set up for their employees..



Kinner & Company Ltd
404 3rd Avenue
Brookings SD 57006



Email: nathan@kinner.co
Visit our website kinner.ws

1-800-692-2515	Brookings	605-692-2515
1-800-858-5410	Wabasso	507-342-5126
1-877-542-2711	Pipestone	507-825-5274
1-800-858-5410	Tracy	507-629-3662
1-877-542-2711	Elkton	605-542-2711
1-877-542-2711	Flandreau	605-997-3797
1-877-542-2711	Lake Benton	507-368-2711

Nathan Kinner, CPA, MBT
Nicole Larson, CPA
Results Accountants

Deborah Kinner	Tracey Zmuda
Jennifer Nordmeyer	Darci Anderson
Cindy Foerster	Mary Lebert
Diana Kocourek	Dianne Foster
Carla VanDewiele	Charity Kuehl
Donna Geringer	Carley Osland
Diane Anderson	Ann Fodness
Ashley Koehne	Jessica Damm
Dave Nester	Tom Abrahamson
Betsy Stands	

2011 Quick Tax Facts

2011
Standard Deduction
Married filing joint \$11,600
Single 5,800
Head of household 8,500
Married filing separately 5,800
Add for Age 65/Older 1,150
Or Blind Married 1,450
Add for Age 65/Older
Or Blind Unmarried

Personal Exemption 3,700
Child Tax Credit 1,000

Auto Standard Mileage Rates - 2011
Jan-June July-Dec
Business 51¢ 55.5¢
Charity Work 14¢ 14¢
Medical/Moving 19¢ 23.5¢

Meal per Diem - 2011
Transportation Workers (Truck Drivers)/Overnight \$46/Day
Other Overnight \$30/Day

Section 179 Deduction - 2011
Depreciation \$500,000

Retirement Plan and IRA Limits
401(k) 16,500
SIMPLE Plan Limit 11,500
IRA/Roth IRA 5,000
Catch-up 50 and Older - 2011
401(k) 5,500
SIMPLE 2,500
IRA/Roth IRA 1,000

Annual Gift - 2011 13,000