



Our monthly newsletter is included with your monthly invoice, as well as viewable on our newly updated web site www.stephsbookkeeping.com

Mid-Year Financial Review

July marks the middle of the year, which is a great time to get a handle on your businesses financials.

Steph is making rounds with all of our clients, reviewing businesses progress so far this year. She will be making suggestions, adjusting payroll, etc to maximize profit and minimize tax liability. This six month review can save you money in the long run, and it will give you a better picture on where you stand before tax season rolls around.

After reviewing your financials, we invite you to bring them to our "Learn to Read Your Business's Financials" class later in July. This is a great opportunity to fully understand what you are looking at, so you can keep an eye on your fiscal status at any point in time.

Please call Steph to set up a six month review, and return the enclosed form to attend our class.

Learn to Read Your Business's Financials

Our first ever 'Learn to Read Your Financials' class is scheduled for late July! Please see attached form for more information in the class.

We would be happy to hear any ideas on other topics.

A Note to S-Corporations

At Steph's Bookkeeping, we make a big effort to inform our clients about any opportunities to minimize their chances for an audit, and complications during an audit.

The IRS is cracking down with S-Corps. There are two main areas of concern are:

- Officers and Payroll – If your business is an S-Corp, you **must** have all officers on payroll, no exceptions
- Subcontractors Vs. Employees – you must be sure that all subcontractors have proper licensing and insurance before payment. They must also fill out form W-9, and form I-9. If the subcontractor is not licensed, they much be an employee and paid through payroll. If you are unsure about whether they are a sub or employee, please contact Steph and we can help you.

HIRE Act: Form W-11



We recently highlighted the newly implemented HIRE Act. Many of you have shown interest in how this act can affect your business, so we would like to take a little time to reiterate.

The HIRE Act was put in place to encourage the hiring of new employees. For employees hired between February 2010 and January 2011, your business has two opportunities for a tax break. Immediately, the employer's share of the Social Security tax on wages is eliminated for eligible employees. The employee will still have their share of the Social Security tax deducted from their wages, and their potential Social Security benefits will remain unaffected. This reduction in employer tax paid is effective from the date of hire (this credit is effective from the date of employment). This reduction is automatically set up in Quickbooks payroll.

The second break for your business is a credit that will be taken on your 2010 tax return, filed in 2011. This credit can be as much as \$1000 per employee that is covered by the HIRE Act.

There are income and wage limitations, and requirements for the employees; the most important being that the new employee cannot have worked more than 40 hours in the last 60 days. They must sign **form W-11** (available from Steph's Bookkeeping) to verify that they been unemployed.

Please contact us if you have eligible employee(s) and we can process everything for you.

Featured Business:

205 Massage Gale Sumner L.M.T.

With the pressure of running a small business, we all need a little down time. Gale Sumner, owner of 205 Massage, is our resident "feel-good" client and she can help relieve your stress, to get you

ready for the adventures of owning and operating a business.

Gale offers a variety of massages including Swedish and deep tissue, as well as reflexology, relaxation, essential oils therapy and nutritional healing counseling.

205 Massage is located inside the Club at SE 92nd and Stark Street. Contact Gale at (503) 481-2877.

Mortgage News; Lowest Rates in Decades and Tax Credit Impacts

Thoughts about the economic growth around the world have been ambiguous, and low sustained inflation levels have assisted in the mortgage rate drop. Congress reached an agreement on two bills recently.

The first bill is the Financial Reform bill, and contains many provisions that affect the lending and home buying process, although the impact of these provisions on the economy will not be fully realized for some time due to regulatory discretion.

The second and larger bill contained an extension on the June 30th deadline on the Home-Buyer tax credit. This bill still being debated, but is likely that it will be decided after the deadline has passed.

Percentages of new and existing home sales were varied for May. Existing home sales were boosted in May due to the way they are calculated – by closings. April 30ths Home-Buyer tax credit pushed through many signings in April, while the sales closed in May. Existing home sales were up 19% from one year ago. New home sales for May were down 20% from one year ago. This deficit from existing home sales increase is due to the process in which they are calculated as well. New home sales are calculated by signings, which caused a large drop from April to May. This data shows that existing home sales were boosted by the tax credit, and new home sales were not.

Advertise with Us!

Please let us know if you would like us to provide a link to you on our newly designed website. This will provide contact with our current as well as prospective customers. We are looking for lots of businesses to list on our website!