Wilhelm & Associates, Ltd.

256R North Washington Street
Falls Church, VA 22046-3435
Telephone: 703 356-5005
Fax: 703 356-5955
Email: Pete@lowtaxsolutions.com
www.lowtaxsolutions.com

Dear

We recommend you undertake tax planning. It will reward you handsomely for your efforts, reduce the stress of not knowing how your business is doing, what taxes are due and allow you to manage your cash-flow and focus on your core business. Please note we cannot accept new projection work after December 7th.

Our goal is simple, helping you obtain "EGGS":

1. Effective tax savings and net worth growth strategies.
2. Guidance regarding what you need to do and think about.
3. Great small business tax and business support.
4. Simplicity wherever possible.

We will complete the projection with your help and recommend planning actions to reduce your taxes and increase personal net worth. We will also consider the timing and cash-flow considerations so important to all small business. **Please note this exercise is NOT sufficient to prepare your tax return and you will need to furnish final information when we request it after the year is closed.**

If you have any questions on these steps please call us as you really need to understand how to do these steps to properly manage your business. **If you need to get caught up on your accounting write-up please make an appointment with yourself to get this done ASAP or ask us for bookkeeping help. Outsourcing your accounting may be critical to your success!**

We are amazed every year by the tax and penalty costs associated with falling behind on accounting chores. Should you need help please reach out to us ASAP so we may help you get back on your feet.

Sincerely,

Your tax & accounting team at Wilhelm & Associates, Ltd.

An accurate tax projection is the key to tax planning. The preparation time you incur for the planning will be rewarded by the tax savings and reduced costs for completion of your accounting for the tax returns. **However, you will still need to gather the requisite tax documents and provide the final information after the end of the year, along with the Tax Organizer, the earlier the better as this is only preliminary work to achieve tax savings before it is too late!**

To start your thinking on tax planning please consider the following:

- What are your long-term goals for the business, yourself and your family? Placing the business in this context is extremely valuable in decision making for the business. What is your succession plan for example?

- Paying salary to your spouse, significant other or children if they have helped you in your business or will be able to do so in the near future. Why? To deduct fringe benefits, put additional funds into deductible retirement savings and deduct what would otherwise be support for the children.

- The form of your business. Does a change for next year make sense? For example, changing from an S corporation to a C (regular) corporation may provide potential tax deductions for long term care insurance and medical costs not covered by insurance. We can help you plan a smooth transition for January if needed.

- What challenges do you expect in the coming year or 18 months? How will they impact the business cash-flow and tax results? How can you position the business to counteract negative external influences?

- Are you behind in your tax payments and possibly facing penalties? We have methods of getting you caught up without penalties.

Other ideas are listed on our website at www.lowtaxsolutions.com. The site is for your benefit, so take advantage of it.

Our office will be closed the week of December 25th and will re-open January 2, so please call and schedule an appointment now to avoid missing tax saving opportunities for this year and preserve the maximum benefits for the next few years as well.

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Business Tax Projection & Tax Reduction Guide

@ W&A Rev 10-23-13

Business Name: Date: _______________________

Phone #: (Home) ______________________ (Office) ___________________________

Email: ____

Please review/complete the 10 step process as described below in section A. Then answer the questions in sections B through I. Please send, email or fax this information as soon as possible well before year-end so we can efficiently address your needs and maximize your tax reduction. We recommend you refer to last year's tax return as your starting point. If you check No to a question, skip to the next question. Page 9 provides plenty of space for answers and any additional information you wish to impart. Please call if you need explanations or have questions.

A. The W&A 10 step process of preparing for business tax planning:

____1. Bring your accounting up to date through the latest month that your business checking and credit card statements are available. Ask for our help, we have an excellent bookkeeper, Beth to assist you.

____2. Reconcile your checking account(s) and credit card statement(s) to your books. Ask us if needed.

____3. Make sure that business items paid for personally, by personal credit card or otherwise, are entered in your accounting or give us a spreadsheet of those expenses. Note - If the business files a separate tax return you need to have these expenses reimbursed to you before year-end to obtain tax benefits.

____4. Print out and review your Balance Sheet and Profit and Loss statement **using the same accounting method used in your tax return. Fix any apparent errors (like negative Accounts Receivable) or ask for our help**. See the sample on pages 10 & 11. **This is a critical step.**

____5. Export the Profit and Loss and Balance Sheet statements to Excel or create your own spreadsheet.

____6. Add your best guess as to the income and expenses for the rest of the year in a new column on the Profit and Loss statements.

____7. Pull out your two-year comparison from your last year's business tax return blue folder to help spot trends.

____8. Answer the questions on the following pages.

____9. Complete the Individual Tax Projection & Tax Reduction Guide for personal tax items as the incidence of taxation is usually focused on the individual tax return (Form 1040).

____10. Send the two completed Tax Projection & Tax Reduction Guides, your Balance Sheet and Profit and Loss spreadsheets and **a copy of your QuickBooks or other accounting file** to us.

See the sample spreadsheets on pages 10 & 11.

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Business Name:

B. Background Information:

1. Have you been notified we need copies of your prior year business tax returns? ☐ No ☐ Yes
   If yes, send copies of your prior year Federal and State(s) business returns.
2. Has the business entity changed form or bought or sold a unit? ☐ No ☐ Yes
   If yes, please provide details and financial statements for any units bought or sold.

C. Assets:

3. Have any **business assets** been sold this year? ☐ No ☐ Yes
   If yes please provide descriptions and amounts of sales price.
4. Do you anticipate selling or trading **business assets** this year or early next year? ☐ No ☐ Yes
   If yes please provide an explanation of what changes you are considering.
5. Did you purchase, or are you considering purchasing or leasing, any depreciable business equipment for this year (computer, car phone, desk etc.?) ☐ No ☐ Yes

Purchased Description	(P) or Considering (C)	Full Cost

6. Did your **business** suffer losses from bad debts, worthless stock or partnership interests or other investments? ☐ No ☐ Yes
   If yes please send details so we may determine the amount and type of loss.
7. Does your business have work yet to bill not reflected in the spreadsheet? ☐ No ☐ Yes
   If yes, how much are you owed?
9. Is the business a partner, LLC member, trust beneficiary or S Corporation shareholder?
   ☐ No ☐ Yes
   If yes, please provide the anticipated amount of current year taxable income for each entity if available (note cash distributions are not a good determinate of taxable income).

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Business Name:

D. Liabilities and Loans:

10. Did your **business** borrow money or pay back loans this year? ☐ No ☐ Yes If yes please explain.
11. Does your business have unpaid bills to pay not reflected in the spreadsheet? ☐ No ☐ Yes
    If yes, how much do you owe?

E. Expenses:

12. Do you or your employees need to incur educational expenses? ☐ No ☐ Yes If yes please explain
13. Does your business have auto expenses? ☐ No ☐ Yes
    If yes, provide business use % and details or ☐ Use amounts same as last year.
14. Do you or your family have potentially large medical expenses? ☐ No ☐ Yes
    If yes, please describe.

F. Employees and Contractors:

15. Do you have employees other than yourself and family? ☐ No ☐ Yes
    If yes, please prepare a schedule of their anticipated annual compensation and census.
    See the attached census form.
16. Do you use contractors? ☐ No ☐ Yes
    If yes, do any of them work at your business location(s)? ☐ No ☐ Yes
    If yes, are you concerned they may be reclassified as employees? ☐ No ☐ Yes
    If yes, we need to meet to discuss the particulars and industry norms. There is an IRS program that may help limit your exposure.

G. Credits:

17. Do you think your **business** might qualify for any federal or state tax credits? ☐ No ☐ Yes
    If yes please explain.
18. Would you consider making investments or hiring employees to obtain credits? ☐ No ☐ Yes
    If yes, we will discuss in the planning process.

Business Name:

H. Retirement Plans and Planning:

19. Do you have a retirement plan? ☐ No ☐ Yes

If yes, have you given us a copy of the plan documents? ☐ No ☐ Yes

If no, please provide a copy of the plan document and adoption agreement.

20. Do you have a desire to fund a retirement plan, if it is advantageous to you? ☐ No ☐ Yes

If yes, please provide the maximum amount of contributions you would like to make for this year if the money could be found. $ _______________

We will review your plan(s) and make recommendations of changes you may need to make before year-end to achieve your goal. Please complete the Census Template on page 8 .

I. Muti-State Planning:

21. Did your business operate in more than one state? ☐ No ☐ Yes

If yes, list the states that the business did business in during this year and related payroll, property, sales and rent figures to date.

Multi State Business Allocation Factors:

State Initials	_______	_______	_______	_______
Receipts for Sales Delivered to and Services Provided in the state *	_______	_______	_______	_______
Cost of Property located in the state *	_______	_______	_______	_______
Rents paid for property located in the state	_______	_______	_______	_______
Payroll for services performed in the state *	_______	_______	_______	_______

* Contact us for the definition to be used. Note if your business is the furnishing of personal services a different method of allocation may be required.

Note the sales should total gross sales, property should total the total cost of property on your balance sheet and payroll should total to total payroll.

22. Have the business location(s) or employee activities changed from last year? ☐ No ☐ Yes

If yes, a Nexus determination may be necessary. We will need to discuss this with you in detail.

Business Name:

J. Business Management Planning:

23. Would you like to start improving your business operations? ☐ No ☐ Yes

If yes, we can help with the following services:

Interpreting your company's financial information

See key financial ratios and understand what they are telling you about your business

Understand your company's strengths and weaknesses

See a trend of how your company's financial development has progressed

See a comparison of your company to others in your industry

Please let us know if you want our help in exploring how your business is doing and what actions you might take to improve your business operations.

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Business Name:

K. Census Template						
Employee number	Name	Start Date	Age **OR** Birth date (preferred)	Annual Payroll	Annual Number of Hours Worked This Past Year	Annual Number of Hours Expected To Work This Coming Year
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						

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Business Name:

L. Notes and explanations (please refer to the question number):

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Sample Company Profit and Loss Statement	Jan - Sep 09	Anticipated Through Year-End	Changes	Year-End After Changes
Ordinary Income/Expense				
Income				
Landscaping Services				
Design Services	150,330.00			
Job Materials				
Decks & Patios	15,900.61	5,000.00		
Total Job Materials	15,900.61			
Labor				
Installation	18,787.34	10,000.00		
Maintenance & Repairs	1,145.00	3,000.00		
Total Labor	19,932.34			
Total Landscaping Services	186,162.95			
Total Income	186,162.95	18,000.00		
Expense				
Automobile				
Fuel	926.75	200.00		
Total Automobile	926.75			
Bank Service Charges	229.50	60.00		
Delivery Fee	160.00			
Depreciation	575.00			
Interest Expense	902.60	300.00		
Job Expenses				
Equipmental Rental	48.90			
Job Materials				
Decks & Patio	8,180.25	2,000.00		
Plants & Sod	465.00			
Total Job Materials	8,645.25			
Total Job Expenses	8,694.15			
Miscellaneous	847.00	100.00		
Office Supplies	295.87	100.00		
Professional Fees				
Accounting	2,000.00	600.00		
Total Professional Fees	2,000.00			
Utilities				
Gas and Electric	1,190.53			
Telephone	564.06			
Water	365.06			
Total Utilities	2,119.65	600.00		
Total Expense	16,750.52			
Net Ordinary Income	169,412.43			
Other Income/Expense				

Sample Company Balance Sheet	As Of Sep 30, 09	Anticipated Through Year-End	Changes	Year-End After Changes
ASSETS				
Current Assets				
Checking/Savings				
Checking	180,237.78			
Cash Expenditures	225.23			
Savings	20,410.00			
Total Checking/Savings	200,873.01			
Accounts Receivable				
Accounts Receivable	370.45			
Total Accounts Receivable	370.45			
Other Current Assets				
Inventory Asset	6,613.17			
Total Other Current Assets	6,613.17			
Total Current Assets	207,856.63			
Fixed Assets		30,000.00		
Truck				
Accumulated Depreciation	-1,725.00			
Original Purchase	13,750.00			
Total Truck	12,025.00			
Total Fixed Assets	12,025.00			
TOTAL ASSETS	**219,881.63**			
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts Payable	753.81			
Total Accounts Payable	753.81			
Credit Cards				
CalOil Card	1,355.49			
Total Credit Cards	1,355.49			
Other Current Liabilities				
Payments on Account	-1,520.00			
Payroll Liabilities	961.79			
Sales Tax Payable	1,023.17			
Total Other Current Liabilities	464.96			
Total Current Liabilities	2,574.26			
Long Term Liabilities				
Bank Loan	7,283.56	30,000.00		
Total Long Term Liabilities	7,283.56			
Total Liabilities	9,857.82			
Equity				
Opening Bal Equity	-4,104.30			
Retained Earnings	44,709.10			
Net Income	169,419.01			
Total Equity	210,023.81			
TOTAL LIABILITIES & EQUITY	**219,881.63**			