



FOR EMPLOYERS' EYES

What type of fringe benefits can you offer your employees (and perhaps yourself)?

The most common type is the "Cafeteria Plan" – This allows the company's employees to choose between receiving cash and receiving taxable benefits.

Qualified Benefits under the Cafeteria Plan:

- Accident and Health Benefits – not Long-term Care Insurance
- Adoption Assistance
- Dependent Care Assistance
- Group-Term Insurance Coverage
- Medical Expense Reimbursement

In addition to the Cafeteria Plan there are certain fringe benefits that exclude all or part of the value of these benefits from the recipient's pay.

Some examples of qualified fringe benefits are:

- Accident and Health Benefits
- Achievement Awards
- Adoption Assistance
- Athletic Facilities- On site
- De Minimis Benefits
- Dependent Care Assistance
- Educational Assistance
- Qualified Employee Discounts

Employee Stock Options
Group-Term Life Ins Coverage
Lodging on Premises
Meals
Moving Expense Reimbursements
No-Additional-Cost Services
Working Condition Fringes

Call us to discuss if you are interested in implementing any of the above plans. We are here to help.

For Individuals

We know you don't want to think of taxes again so soon, but you can do some planning to ease the burden for 2005:

Make all your estimated tax payments (including the State) on time – Helps to alleviate the penalties and the year-end amount you owe.

Maximize contributions to qualified retirement plans and/or maximize your deductible IRA .

Make contributions to qualifying public/ private schools and organizations assisting the working poor. It can provide an Arizona \$1 for \$1 tax credit.

Think of solar – Arizona has a credit for installing solar energy devices and for alternative fuel vehicles.

Delay the selling of appreciated assets until 2006 and accelerate the selling of assets generating losses to 2005.

If itemizing, consider paying medical expenses, real estate taxes, charitable contributions and state estimated taxes before year-end.



Accounting Humor?

Two accountants are in a bank, when armed robbers burst in. While several of the robbers take the money from the tellers, others line the customers, including the accountants, up against a wall, and proceed to take their wallets, watches, etc. While this is going on accountant number one jams

something in accountant two's hand. Without looking down, accountant number two whispers, "What is this?" to which accountant number one replies, "it's that \$50 I owe you."

New Members of our team!

Linda Elias, CPA, CVA – Prescott Office – Primarily consulting, tax, and financial services including business valuations.

Adam Rutherford, Accountant – Prescott Office – 2005 Graduate of Northern Arizona University, Bachelor of Accountancy

Aven Jorde, Administration Assistant – Prescott Valley Office

Anita West, Receptionist – Prescott Office

Shannyn Stern, Accountant—Prescott Valley Office, 2003 Graduate of University of San Diego, Bachelor of Business Administration, Major in Accounting

What's New?

A new Arizona Senate Bill allows a "voluntary" election by employers to not withhold Arizona taxes from employee compensation paid during the month of December. For 2005, this election must be made by October 1; for subsequent years, the election must be made by July 1 of that year.

What is your opinion?

What type of new business would you like to see come to Prescott? E-mail us your opinion at Linda@helfinstine.com and we will print responses in the next newsletter.

QuickBooks Corner

Tips to make your QuickBooks life easier!

How do I make sure Arizona wages are correctly reported on the W-2's?

When setting up employees, under the payroll and compensation tab, to choose taxes, choose the

state tab, and set up AZ for the state worked. This must be chosen so the W-2's and payroll reports print out correctly.

How do I adjust payroll tax liabilities if they are not correct?

If it becomes necessary to adjust payroll liabilities, click on the tab "Accounts Affected" and choose "do not affect accounts" before making your adjustments.

Services you may not know we offer:

Management Consulting – An experienced management consultant is available to assist you to identify problems and find workable solutions for your business.

CFO/Controller Services – When you need financial and accounting consultation on a contract basis for your company (short and long-term basis)

Financial Planning – Highly qualified financial planners are available to assist you with asset management and goals.

Estate Planning – We can assist you and your family with planning your estate, trust or private foundation.

Business Valuations – We have a Certified Valuation Analyst on staff to perform business valuations for your company.

Succession/Exit Planning – Now that you have built your business – how is the best way of getting the most benefit when exiting the company?

And most important – Helping to achieve **YOUR** goals – Whatever they are – wealth management, business consulting, trust management, etc. – we can help you attain the results you want.

Business Valuations – What are they and why would you need one?

A business valuation is simply a process to arrive at an opinion of the value of a business enterprise. An opinion of value can have many meanings, but the most common one is fair market value "price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell". So why would you want one as an owner of a business? Business interests often represent a significant asset of the owner. Well for lots of reasons. You might be interested in selling your company and have some idea of the value, but what do outside parties think it is worth? Or you may want to buy out your partner's interest and need an unbiased opinion of the value. Many buy/sell agreements require a valuation to determine the buy out amount. For estate

purposes, the value of the business is needed to calculate estate tax upon the owner's death. You might want to gift a portion of your business to a relative, for instance, and may need a valuation. Also, in litigation, i.e. divorce, or for insurance claims, a business valuation might also be necessary. So chances are at some point in your entrepreneurial career you will need a business valuation.

In the next issue:

For employers' eyes – The new 401 (k) Roth

For Individuals – The gifting rules

EMAIL: hotline@helfinstine.com