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## 4 Tax Tips for Local Businesses This Filing Season

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With tax season now in full swing, here are four tips to keep in mind for business owners when filing this year's tax returns:

### **1. Take advantage of all credits and incentives**

Considering the value that most businesses leave on the table, this is the single greatest bit of advice I can give you.

Unknown to most business owners, there are a variety of credits and incentives out there for their benefit – they just need to know where to look. The research and development tax credit, for example, is one of the single most under claimed and, due to new regulations, broadly available tax incentives out there for companies from a wide range of industries.

For Houston's booming construction market, the 179D deduction on energy efficient buildings is another viable option for tax savings. For our local exporters, they may want to explore the possible benefits of an IC-DISC. The bottom line: When it comes to tax incentives, never short change yourself or assume you don't qualify. It never hurts to look.

### **2. Be prepared for ACA**

And by prepared, I mean make sure that you are compliant. The key number to remember is 100 – if your company has 100 or more employees, then you are required by law to provide affordable health insurance to your employees this year or face the Affordable Care Act's employer mandate tax penalty. Special note: The requirement for companies with 50-99 full-time employees does not go into effect until 2016.

According to one former IRS commissioner, ACA compliance will be a high priority, so companies would be wise to get their full-time, part-time and independent contractor designations in order.

For employers choosing not to provide coverage, the fee is a steep \$2,000 for every full-time employee not covered, minus the first 30 full-time employees.

### 3. Keep your employees and independent contractors properly defined

Aside from the ACA benefits, an independent contractor designation comes with added tax savings. However, there are strict rules around classifying workers and major tax penalties if the IRS finds that you have misclassified one of your employees as an independent contractor. If you are having trouble defining your employees, it might be worth your time to fill out an SS-8 form to the IRS to determine their status, particularly if your company is hiring many of the same types of workers.

### 4. Know your filing deadlines

Tax deadlines are typically dependent on how you have set up your business. For both C corps and S corps, the filing date is March 15, although both entity types can file for six month extensions. If you are the sole owner of your business, the deadline to file your Form 1040 is April 15. As you probably already know, missing your deadline can lead to stringent penalties – a 5 percent monthly filing fee – so timely filing is definitely encouraged.

As businesses begin filing their tax returns, following these four tips will ensure a productive tax season.



**Michael Siegel** is a Managing Director based in alliantgroup's corporate headquarters, serving CPAs and businesses throughout the country. Since joining alliantgroup, Michael has assisted hundreds of small and middle-market businesses in taking advantage of the R&D tax credit and other corporate incentives. He is a Certified Public Accountant with more than 15 years of experience in accounting, tax and business consulting. Prior to joining alliantgroup, Michael provided consulting services to CPA firms in the areas of tax and audit engagement efficiency and was a pioneer in the field of paperless workflow. Michael received his B.B.A. in accounting from the University of Wisconsin - Madison.