

Scott Olson CPA, LLC

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January 2019

Dear Valued Client,

I hope you had a wonderful holiday season. Soon a new season approaches, tax season of course! In an effort to be as efficient and as organized as possible for your year end, please review this letter and the attachments. Please assemble all of the information that pertains to your business, as this is the information that I will need to complete your year-end financial statements and tax returns.

The biggest change for 2018 are the reduced tax rates for businesses. For C Corporations, there is a new 21% flat tax rate. For pass-thru entities, S Corps and Partnerships, and also Sole Proprietorships, there is now a 20% reduction of taxable income on your qualified business income. For example, if you have a profit of \$100,000, you will receive a deduction of \$20,000 on your federal income tax return, effectively paying taxes on only \$80,000. There are limitations to what qualifies for this deduction, which we will review with those of you affected by this. Also, businesses are no longer allowed a tax deduction for entertainment expenses.

The first enclosed item is a copy of your depreciation schedule. Please review the schedule for any changes. Please provide copies of receipts for any purchases and/or dispositions. Also review for any assets that you have scrapped or are not in use. These affect BOTH your personal property tax return as well as your income tax return. The section 179 depreciation deduction is up to \$1 million for qualifying purchases of capital property, with a limit of \$2.5 million. After 2018, the limits are indexed to inflation. In addition, for property purchased in 2018 there is a special 100% bonus depreciation eligible. Bonus depreciation is now available for buying used assets. There are also increased limits for luxury autos.

The second enclosure is a checklist for your review. Please complete the checklist and attach any information that pertains to your business.

PLEASE NOTE: DUE DATES for W-2s and 1099s MUST be filed with the IRS by January 31 2019. If our office will prepare your year-end payroll and/or 1099's, we must receive your information by Monday, January 21. If we receive your information after this deadline we will not guarantee that your information will be processed timely and additional charges will incur.

If you have any questions, please feel free to contact me. Thank you for your continued business and I look forward to meeting with you soon.

Sincerely,

Scott Olson

Scott Olson
Scott Olson, CPA, LLC

Enclosures