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Rancho Cucamonga Chamber of Commerce

**Welcome to the
Rancho Cucamonga Small Business Seminar
and Resource Expo**



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Taxpayers' Rights Advocate Office
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**WE'RE
HERE
FOR
YOU**

CALIFORNIA TAXPAYER ADVOCATES

Board of Equalization
Employment Development Department
Franchise Tax Board
Governor's Office of Business and
Economic Development
Internal Revenue Service

Board of Equalization (BOE)	Employment Development Department (EDD)	Franchise Tax Board (FTB)
<p>TYPE OF HELP:</p> <ul style="list-style-type: none"> • Sales and Use Taxes • Property Taxes • Special Taxes and Fees <p>VISIT OUR WEBSITE:</p> <ul style="list-style-type: none"> • BOE—Advocate www.boe.ca.gov/tra • BOE—General www.boe.ca.gov <p>TELEPHONE OR FAX:</p> <ul style="list-style-type: none"> • Advocate Office 1-888-324-2798 Fax 1-916-323-3319 • BOE Customer Service 1-800-400-7115 (TTY:711) <p>SEND CORRESPONDENCE TO:</p> <ul style="list-style-type: none"> • Taxpayers' Rights Advocate Office, MIC:70 PO Box 942879 Sacramento, CA 94279-0070 • Board of Equalization PO Box 942879 Sacramento, CA 94279-0001 <p style="text-align: center;">2</p>	<p>TYPE OF HELP:</p> <ul style="list-style-type: none"> • Employment Taxes • Unemployment Insurance • Employment Training Tax • State Disability Insurance • State Personal Income Tax Withholding <p>VISIT OUR WEBSITE:</p> <ul style="list-style-type: none"> • EDD—Advocate www.edd.ca.gov/Payroll_Taxes/Taxpayer_Advocate.htm • EDD—General www.edd.ca.gov <p>TELEPHONE OR FAX:</p> <ul style="list-style-type: none"> • Advocate Office 1-866-594-4177 Fax 1-916-654-6969 • EDD Customer Service 1-888-745-3886 <p>SEND CORRESPONDENCE TO:</p> <ul style="list-style-type: none"> • Taxpayer Advocate Office PO Box 826880, MIC:93 Sacramento, CA 94280-0001 • Employment Development Department PO Box 2068 Rancho Cordova, CA 95741-2068 <p style="text-align: center;">3</p>	<p>TYPE OF HELP:</p> <ul style="list-style-type: none"> • Personal Income Taxes • Franchise Taxes • Bank Taxes • Corporation Taxes <p>VISIT OUR WEBSITE:</p> <ul style="list-style-type: none"> • FTB—Advocate www.ftb.ca.gov/aboutFTB/Taxpayer_Advocate/index.shtml • FTB—General www.ftb.ca.gov <p>TELEPHONE OR FAX:</p> <ul style="list-style-type: none"> • Advocate Hotline 1-800-883-5910 Fax 1-916-843-6022 • FTB Customer Service 1-800-852-5711 <p>SEND CORRESPONDENCE TO:</p> <ul style="list-style-type: none"> • Executive and Advocate Services, MS A381 PO Box 157 Rancho Cordova, CA 95741-0157 • Franchise Tax Board PO Box 942840 Sacramento, CA 94240-0040 <p style="text-align: center;">4</p>

Governor's Office of Business and Economic Development (GO-Biz)	Internal Revenue Service (IRS)	
<p>TYPE OF HELP:</p> <ul style="list-style-type: none"> • Business Development • Permit Streamlining • Small Business Assistance • Innovation and Entrepreneurship • International Affairs and Business Development <p>VISIT OUR WEBSITE:</p> <ul style="list-style-type: none"> • Small Business Advocate www.business.ca.gov www.businessportal.ca.gov <p>TELEPHONE OR FAX:</p> <ul style="list-style-type: none"> • Governor's Office of Business and Economic Development 1-916-322-0694 1-877-345-4633 <p>SEND CORRESPONDENCE TO:</p> <ul style="list-style-type: none"> • Governor's Office of Business and Economic Development 1325 J St., Suite 1800 Sacramento, CA 95814 <p style="text-align: center;">5</p>	<p>TYPE OF HELP:</p> <ul style="list-style-type: none"> • Income Taxes • Employment Taxes • Corporate Taxes • Estate Taxes • Nonprofit and Charitable Organization Taxes <p>VISIT OUR WEBSITE:</p> <ul style="list-style-type: none"> • IRS—Advocate www.irs.gov/advocate • IRS—General www.irs.gov <p>SEND CORRESPONDENCE TO:</p> <ul style="list-style-type: none"> • Please call the local office nearest you or visit the IRS website at www.irs.gov/advocate for locations in California. <p>TELEPHONE OR FAX:</p> <ul style="list-style-type: none"> • National Taxpayer Advocate 1-877-777-4778 <p style="text-align: center;">6</p>	<p>CALL/FAX US LOCALLY:</p> <ul style="list-style-type: none"> • Fresno 1-559-442-6400 Fax 1-855-820-7112 • Laguna Niguel 1-949-389-4804 Fax 1-949-389-5038 • Los Angeles 1-213-576-3140 1-213-576-3141 eFax 1-855-820-5133 • Oakland 1-510-907-5269 Fax 1-855-820-5137 • Sacramento 1-916-974-5007 Fax 1-855-820-7111 • San Diego 1-619-744-7156 Fax 1-855-890-0089 • San Jose 1-408-283-1500 Fax 1-855-820-7109 • IRS Customer Service 1-800-829-1040 <p style="text-align: center;">7</p>

<p>Common Taxpayer Advocate Responsibilities (BOE, FTB, EDD, IRS)</p> <ul style="list-style-type: none">• Resolve problems when normal channels don't work• Maintain independent status• Provide independent review• Protect taxpayers' rights• Adhere to agency tax laws• Identify trends and issues• Identify inequities and propose law or policy changes• Ensure courteous treatment of the public• Determine whether to suspend collections while case is in review• Encourage public suggestions• Promote understandable and simple<ul style="list-style-type: none">- Tax laws- Regulations- Policies- Procedures- Publications	<p>California Tax Service Center: www.taxes.ca.gov</p>	<p>Small Business Advocate Responsibilities (GO-Biz)</p> <ul style="list-style-type: none">• Work with state policymakers on issues facing small businesses• Coordinate educational events on wide-ranging topics important to small businesses• Promote information sharing and coordinate outreach efforts among state agencies• Provide or locate assistance to resolve issues such as permits or starting a business <p>Additional copies of this publication may be ordered online at www.boe.ca.gov/cgi-bin/form_search.cgi or by telephone at 1-800-400-7115 (TTY:711).</p>
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State Board of Equalization
Avoiding Common Sales and Use Tax Problems

Get it in Writing!

This Presentation is designed to illustrate general tax concepts and does not address every situation. If you email us a request for written advice and provide us the details specific to your business operations, we can provide you with tax guidance you can rely on.

Contact us at boe.ca.gov/email or mail your inquiry directly to a BOE field office near you.

Presumptions of the Tax Code

- All sales are taxable unless otherwise specifically exempted
- Claimed exemptions must be supported by documentation
- Taxpayer is responsible for maintaining and providing documentation for potential examination



Common Types of Noncompliance

- Untaxed Purchases from Out-of-State Vendors
- Withdrawal from Resale Inventory for Own Use
- Unsupported Sales for Resale
- Difference Between Recorded and Reported Taxable Sales
- Reported Sales Lower than Expected Sales Based Upon a Markup on Purchases
- Errors in Compiling Return
- Difference Between Tax Accrued and Tax Paid
- Inadequate Records Resulted in Unreported Sales
- Unsupported Sales in Interstate Commerce Delivered to Instate Customer

Untaxed Purchases from Out-of-State Vendors

Items purchased without payment of California tax:

- Purchase for own use (not resale inventory) and
- From out-of-state businesses (including online purchases)



Withdrawal from Resale Inventory for Own Use

Inventory items purchased with a resale certificate without payment of tax → Items withdrawn from inventory for use other than resale (including use as gifts and free samples or for personal use)

Use Tax = Due on Cost

Resale Inventory



→

Gift



Use Tax = Due on Cost

Use Tax for Individuals

- Can be reported on California Income Tax Return
- Can be reported on Sales & Use Tax Return
- Can be reported on BOE individual Use Tax Return



Sales for Resale

Common ways to document sales for resale (examples to follow):

- A Resale Certificate
- A Purchase Order containing all the essential elements of a resale certificate



Basic Elements of a Resale Certificate

- Purchaser's name
- Purchaser's address
- Purchaser's valid seller's permit number
- Item(s) being purchased
- Statement that purchase is "for resale"
- Authorized purchaser's signature
- Date resale certificate is signed
- Purchaser's title
- Purchaser's type of business activity
- Seller's name



Permit/License Verification

To verify Seller's Permit number(s) submitted on resale certificates, retailers may call

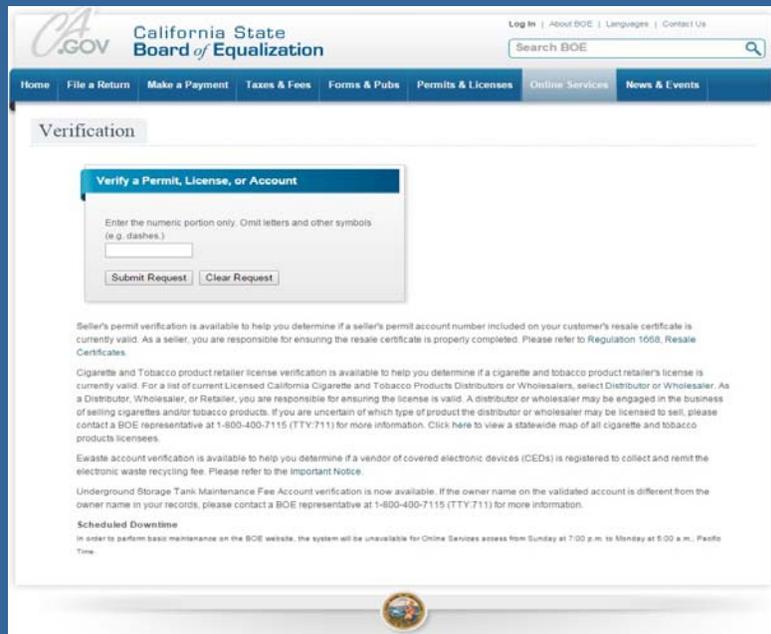
888-225-5263

or access our website at

www.boe.ca.gov (Click Verify Permit)



Permit/License Verification



The screenshot shows the California State Board of Equalization website. At the top, there is a navigation bar with links for Home, File a Return, Make a Payment, Taxes & Fees, Forms & Publications, Permits & Licenses, Online Services, and News & Events. The main content area is titled "Verification" and contains a form titled "Verify a Permit, License, or Account". The form has a text input field with the instruction "Enter the numeric portion only. Omit letters and other symbols (e.g. dashes)." and two buttons: "Submit Request" and "Clear Request". Below the form, there is a paragraph of text explaining the verification process and providing contact information for further assistance. At the bottom of the page, there is a "Scheduled Downtime" notice.

Resale Certificates

- Available at some stationery stores, form BOE-230, in Regulation 1668, and in Publication 73
- Must be filled out completely
- Must be taken timely and in good faith

BOE 230 (7-02)
GENERAL RESALE CERTIFICATE

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

California Resale Certificate

I HEREBY CERTIFY:

1. I hold valid seller's permit number _____
2. I am engaged in the business of selling the following type of tangible personal property: _____
3. This certificate is for the purchase from _____ of the item(s) I have listed in paragraph 5 below.
(Vendor's name)
4. I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.
5. Description of property to be purchased for resale: _____

6. I have read and understand the following:

For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6204.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person possessing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or \$500, whichever is more.

SIGNATURE OF PURCHASER
DATE OF PURCHASE

Purchase Order Used as a Resale Certificate

Must specifically state **“For Resale.”**

Statements of **“Nontaxable,” “Exempt,”** or **“Taxable - No”** do not fulfill this requirement

Purchase Order and a Resale Certificate

- Purchase Orders that state **“For Resale”** must contain the same information as required for a resale certificate
- The resale certificate will often say **“see purchase order”**

STATE OF CALIFORNIA
BOARD OF EQUALIZATION

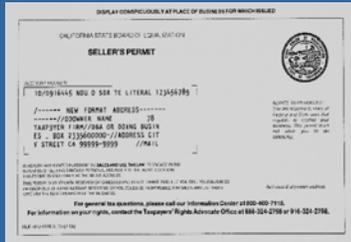
California Resale Certificate

I HEREBY CERTIFY:

1. I hold valid seller's permit number: KH 123-456789
2. I am engaged in the business of selling the following type of tangible personal property:
Jewelry
3. This certificate is for the purchase from: Acme Wire _____ of the item(s) I have listed in paragraph 5 below. (seller's name)
4. I will resell the item(s) listed in paragraph 5, which I am purchasing under this resale certificate in the form of tangible personal property in the regular course of my business operations, and I will do so prior to making any use of the item(s) other than demonstration and display while holding the item(s) for sale in the regular course of my business. I understand that if I use the item(s) purchased under this certificate in any manner other than as just described, I will owe use tax based on each item's purchase price or as otherwise provided by law.
5. Description of property to be purchased for resale:
SEE PURCHASE ORDER.
6. I have read and understand the following:
For Your Information: A person may be guilty of a misdemeanor under Revenue and Taxation Code section 6204.5 if the purchaser knows at the time of purchase that he or she will not resell the purchased item prior to any use (other than retention, demonstration, or display while holding it for resale) and he or she furnishes a resale certificate to avoid payment to the seller of an amount as tax. Additionally, a person issuing a resale certificate for personal gain or to evade the payment of tax is liable, for each purchase, for the tax that would have been due, plus a penalty of 10 percent of the tax or \$500, whichever is more.

NAME OF PURCHASER: Rudy M. Malone
ADDRESS OF PURCHASER (PRINT OR TYPE OR AUTHORIZED REPRESENTATIVE):
Rudy M. Malone
ADDRESS OF PURCHASER (PRINT OR TYPE OR AUTHORIZED REPRESENTATIVE):
Rudy M. Malone
ADDRESS OF PURCHASER: 123 Pine Street, San Bernardino, CA 92414
TELEPHONE NUMBER: (916) 555-1234
DATE: 12-10-2010

About a Seller's Permit



- Allows sales to be made in California
- Provides a seller's permit number used to issue a resale certificate for purchases of inventory items without paying tax
- Does not allow buying items for personal or business use without paying tax
- Permit must be issued in the owner's name for each business address

Penalties for Improper Use of Resale Certificates



- Misuse of resale certificate is a misdemeanor
- The penalty is \$500 or 10% of the amount of tax per transaction, whichever is greater

Recorded vs. Reported Taxable Sales



Comparison between taxable sales per your books and records and taxable sales reported to the BOE

Tax Accrued

Tax accrued, which is the amount of tax collected from customers or recorded as amounts due to the state, is compared to tax paid.



Required Records

Records must be maintained for at least four years, but we recommend you keep them for eight. Examples of records:

- Sales Invoices
- Cash Register Tapes
- Sales Journals
- Purchase Invoices
- Cancelled Checks
- Purchase Journals
- Resale Certificates
- Exemption Certificates
- Purchase Orders
- Shipping Documents
- Schedules
- Working Papers Used in Preparing Tax Returns.



Sales in Interstate Commerce

Common ways to document sales in interstate commerce:

- Bills of Lading
- Freight Invoices
- Delivery Receipts
- Correspondence



Unsupported Sales in Interstate Commerce Delivered to Instate Customers

- Delivery to a purchaser in California for subsequent shipment to another state is taxable.
- When the goods are diverted by the purchaser in transit to a California location, the exemption is lost.
- Drop shipments.



Customer Service Center

- 800-400-7115
711 (TTY)
- Mon. - Fri. 8am to 5pm
- 1-1 Assistance
- 24 hr. fax-back service
- Recorded Information



Taxpayers' Rights Advocate

888-324-2798

If you have been unable to resolve a disagreement with the BOE and you would like to know more about your rights under the law.

boe.ca.gov/tra



BOE Offers Free Personalized Assistance

- A staff consultant will review your business operation and record keeping system.
- Call your local BOE office today to make an appointment.



**We wish you success
in your business venture.**



We welcome your comments and suggestions.



STATE OF CALIFORNIA
Franchise Tax Board

2016

Forms of Ownership



Presented by
Small Business Education and Outreach Section

2016



STATE OF CALIFORNIA
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Sole Proprietorships



STATE OF CALIFORNIA
Franchise Tax Board

Sole Proprietorship Characteristics



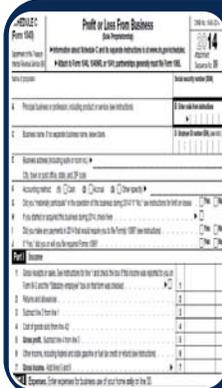
The simplest form of doing business.

No formal transfer of assets to start business.	Business' taxable year is the same as the owner's taxable year.
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STATE OF CALIFORNIA
Franchise Tax Board

Sole Proprietorship Characteristics



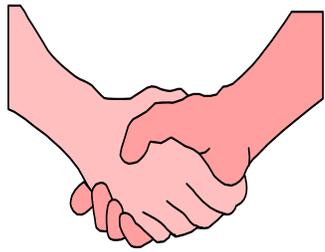
- Sole proprietors use Federal Schedule C to report the business' profit or loss on their Form 540 income tax returns whether distributed or not.
- Losses generally offset other income.
- Sole proprietor is not considered to be an employee of the business.



2016



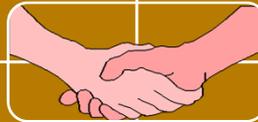
General Partnerships



Partnership Characteristics

Two or more persons carrying on a business for profit.

Flexible form of business and relatively easy to set up.



Partners decide the organization's structure and distribution of profits and losses.

A formal written agreement is advisable.



Partnership Characteristics

- Not a separate taxable entity.
- Partnership files informational return using Form 565.
- Partners report profit or loss on their individual Form 540 income tax returns whether distributed or not.
- Losses may be limited.



Most Commonly Used Legal Entities

Corporations

Limited
Liability
Companies

There are other less common legal entities types available. For more information see our publication FTB 1123, *Forms of Ownership*.



California Legal Entities

Formed by filing the appropriate documents or forms with the California Secretary of State.

Corporation

- Articles of Incorporation
- Various Forms
- Minimum Tax

Limited Liability
Company

- Articles of Organization
- Form LLC-1
- Annual Tax and Fee

Taxed annually until formally dissolved or cancelled.



2016



STATE OF CALIFORNIA
Franchise Tax Board

C Corporations



STATE OF CALIFORNIA
Franchise Tax Board

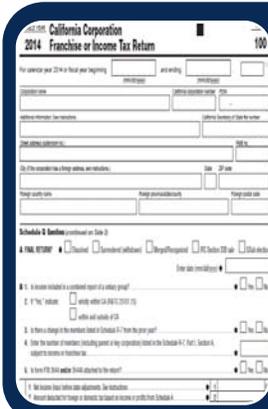
C Corporation Characteristics

A separate legal entity owned by shareholders.	Must register with SOS before conducting business.
Can be costly to set up and maintain.	Option of choosing an income year other than the calendar year.



STATE OF CALIFORNIA
Franchise Tax Board

C Corporation Characteristics

A thumbnail image of the California Corporation Franchise or Income Tax Return Form 100. The form is titled "California Corporation Franchise or Income Tax Return" and includes fields for taxpayer information, tax year, and various tax-related questions. The form number "100" is visible in the top right corner.

- Files using Form 100.
- Taxed annually on its earnings at a rate of 8.84% on net income.
- Subject to \$800 minimum tax.
- Shareholders taxed on distributed dividends.



2016



S Corporations

This slide features a dark blue header with the year "2016" on the right and the State of California Franchise Tax Board logo on the left. The main content area has a dark blue background with the text "S Corporations" in white. To the right of the text is an illustration of a handshake above a group of four business professionals sitting around a conference table. The State of California Franchise Tax Board logo is repeated in the bottom left corner.

S Corporation Characteristics



A separate legal entity owned by shareholders.



Must register with SOS before conducting business.



Election is made for S corporation status.



STATE OF CALIFORNIA
Franchise Tax Board

S Corporation Characteristics



No more than 100 shareholders.



Only one class of stock.



Shareholder can only be individuals, estates, or certain trusts.



STATE OF CALIFORNIA
Franchise Tax Board

S Corporation Characteristics

- A hybrid business entity.
- Files using Form 100S.
- State tax rate of 1.5% of net income. Not subject to federal tax.
- Subject to \$800 minimum tax.
- Shareholders report profit or loss on their individual Form 540 income tax returns whether distributed or not.



STATE OF CALIFORNIA
Franchise Tax Board
2016

Limited Liability Companies (LLC)

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Franchise Tax Board

LLC Characteristics



A separate legal entity owned by members.



Must register with SOS before conducting business.



A hybrid business entity.



Restrictions may apply to professional services that require a license, certification, or registration.



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Franchise Tax Board

LLC Characteristics



IRS partnership classification: follow partnership rules.



For California only. A single member classification: follow sole proprietor rules.



IRS corporation classification: follow corporation rules.



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LLC Characteristics Single Member and Partnership

- Single or partnership classified LLCs file using Form 568.
- Subject to \$800 annual tax.
- Maybe subject to an LLC fee based on total income (gross income plus cost of goods).
- Members report their share of profit or loss on Form 540 income tax returns whether distributed or not.



LLC Characteristics C Corporation Classification

- C Corporation classified LLCs file using Form 100.
- Taxed annually on its earnings at a rate of 8.84% on net income.
- Subject to \$800 minimum tax.
- Members receive profits and losses like C corporation shareholder.



LLC Characteristics S Corporation Election

The image shows a thumbnail of the California S Corporation Franchise or Income Tax Return Form 100S. The form includes fields for the calendar year (2014), taxpayer name, address, and various checkboxes for election and reporting options. The form is titled 'California S Corporation Franchise or Income Tax Return 100S'.

- S Corporation classified LLCs file using Form 100S.
- State tax rate of 1.5% on net income. Not subject to federal tax.
- Subject to \$800 minimum tax.
- Members report their share of profit or loss on Form 540 income tax returns whether distributed or not.



Forms of Ownership Information

Franchise Tax Board's Guide to:



Forms of Ownership

FTB Publication 1123, Franchise Tax Board's Guide to Forms of Ownership



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**Recordkeeping for
Small Business/Self
Employed Individuals**



September 13 & 15, 2016

Disclaimer

- Don is not an Internal Revenue Service employee
- Although Don is a Board Member of the California Society of Enrolled Agents, he is not speaking today on behalf of CSEA.
- Don is an Enrolled Agent tax professional in private practice in Riverside, CA
- He performs taxpayer CPR: Consultation, Preparation, and Representation



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Necessity of Books and Records

- Monitor the business's progress
- Prepare financial statements
- Keep track of deductible expenses



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Necessity of Books and Records

- Prepare tax returns
- Prepare for examination
- Business
 - Verify expenses
 - Proof of payment not enough



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Books and Records

- Records
- Tax purpose of a record
- Accounting entry
- Accounting book
- Income statement
- Balance sheet



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UETA Definition of Electronic Books and Records

Uniform Electronic Transaction Act defines electronic records that, by electronic means, are:

- Created
- Generated
- Sent
- Communicated
- Received, or
- Stored



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Recordkeeping Requirements

- Internal Revenue Code §6001 and related Income Tax Regulations under §1.6001-1; generally provides that everyone must keep adequate records.



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Record Types Needed Gross Receipts

- Cash register tapes
- Receipt book
- Sales
- Invoices
- Credit charge slips
- Forms 1099



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Record Types Needed Purchases and Expenses

- Amount paid
- Amount was for business purchases



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Record Types Needed (Cont'd)

Charitable Contributions, Travel, Transportation, Entertainment, Gifts

- Amount
- Each date
- Description
- Explanation of business benefit gained



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Record Types Required Employment Taxes

- Names
- Addresses and
- Taxpayer identification numbers for individuals
 - who work for you or
 - performs services and receives payment



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Record Types Needed - Assets

- Property used in business must be substantiated
- Maintaining records that show
 - When and how property acquired
 - Purchase price, and
 - Use of property



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Maintenance of Books and Records

- Use the method that works best
- Records should say:
 - what was received
 - from whom
 - for what reason
- Keep records timely



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Responsibility of Books and Records

- Taxpayer/business owner responsible for maintaining adequate books and records
- If paid preparer used, preparer's records needed also



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How Long to Keep Records

- Generally, three years from filing date to examine tax return
- Tax records must be kept at least until statute of limitations expires
- Certain tax returns much longer
- Keep source records (checks, receipts, and proof of business purpose) at least three years



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How Long to Keep Records (Cont'd)

- Until deduction no longer claimed
- Employment tax records, four years
- Assets, until sold or removed
- IRA contributions, permanently
- Broker statements, expiration of limitation period
- Improvements to residence, until sold
- Net operating losses, until statute of limitations expired on last tax return claiming a loss
- Follow state recordkeeping laws also



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New Due Dates and Penalties

- Accelerated 1099 filing deadline of January 31st for 2016 forms and forward. I still find practitioners who don't know this is happening, and for sure, the business owner's don't. It will make a profound difference in our work flow in the upcoming season. The accelerated deadline also converges with penalties that have tripled over the last couple of years (see IRS' penalty chart next).



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New Due Dates and Penalties

- Remember per return means per 1099 form. In order to file on time, a business really has to keep its general ledger and YTD payables info current. There's no falling behind now. Do not wait until January to start gathering your 1099 information for everyone you have paid over \$600 during the year.



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New Due Dates and Penalties

Small Businesses with Gross Receipts \$5 Million or Less			
Time returns filed/furnished	Returns due 01-01-2011 thru 12-31-2015	Returns due 01-01-16 thru 12-31-2016	Returns due 01-01-17 thru 12-31-2017
Not more than 30 days late (by March 30 if the due date is February 28)	\$30 per return/ \$75,000 maximum	\$50 per return/ \$185,000* maximum	\$50 per return/ \$186,000* maximum
31 days late – August 1	\$60 per return/ \$200,000 maximum	\$100 per return/ \$529,500* maximum	\$100 per return/ \$532,000* maximum
After August 1 or Not At All	\$100 per return/ \$500,000 maximum	\$260* per return/ \$1,059,500* maximum	\$260 per return/ \$1,064,000* maximum
Intentional Disregard	\$250 per return/ No limitation	\$520* per return/ No limitation	\$530* per return/ No limitation



IRS Resources

- Publication 15, Circular E - Employers Tax Guide
- Publication 463, Travel, Entertainment, Gift, and Car Expenses
- Publication 535, Business Expenses
- Publication 536, Net Operating Losses
- Publication 547, Casualties, Disasters and Thefts
- Publication 556, Examination of Returns, Appeal Rights & Claims



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IRS Resources

- Publication 594, The IRS Collection Process
- Publication 3498, The Examination Process
- Publication 5, Appeal Rights and Preparation of Protests for Unagreed Cases
- Circular 230, Regulations Governing the Practice of Attorneys, Certified Public Accountants, enrolled Agents, Enrolled Actuaries, and Appraisers before the Internal Revenue Service
- Publication 583, Starting a Business and Keeping Records



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IRS Resources (Cont'd.)

- Publication 225, Farmers Tax Guide
- Publication 1066-C, A Virtual Small Business Workshop CD
- Publication 2194, Disaster Losses Kit for Individuals
- Publication 2194B, Disaster Losses Kit for Businesses
- Publication 4758, Reconstructing Your Records
- Publication 4796, IRS Records at Your Fingertips
- Visit IRS.gov



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Contact information

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951-203-9021

FAX: 951-848-0971

Email: taxhelpguy@reagan.com

Web: TaxHelpGuy.com



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The slide features a central title "Employee or Independent Contractor" in a bold, dark blue font. On either side of the title are two vertical rectangular panels, each containing a large, light-colored question mark. At the base of each question mark is a small silhouette of a person standing on a globe. The background of the slide is a light blue gradient. At the bottom center is the logo for the Employment Development Department (EDD) of the State of California, which includes the acronym "EDD" in a stylized font and the full name of the department. A small "v13a" label is located in the bottom right corner of the slide frame.

**Employee or
Independent
Contractor**

EDD Employment
Development
Department
State of California

v13a



The slide has a light blue background with a white vertical bar on the left side. The title "Introductions" is positioned at the top left in a dark blue font. Below the title, the name "Richard Concepcion" and his title "Employment Tax Consultant" are listed. The website "www.edd.ca.gov" is provided below the title. At the bottom, the "Taxpayer Assistance Center" is listed with the phone number "1-888-745-3886".

Introductions

Richard Concepcion
Employment Tax Consultant

www.edd.ca.gov

Taxpayer Assistance Center:
1-888-745-3886

Reasons to Properly Classify Workers

- Avoid reclassification audits due to:
 - Worker Claims
 - Worker Informants
 - Competitor Informants
- Prevent additional taxes, penalties, and interest.
- Avert possible revocation of state or local licenses.

Misclassification Example

One worker, earning \$20,000 for one year (tax year 2013)	Employer A (Correctly classifies worker as employee)	Employer B (Misclassifies worker as independent contractor)
UI (3.4%)*	\$238	\$238
*New employer rate		
ETT (0.1%)	\$7	\$7
SDI (1.0%)		\$200
PIT (6.0%)		\$1,200
Total due for one year	\$245	\$1,645**
		** Plus penalty and interest

Types of Workers

- Employees
 - Common Law
 - Statutory
 - Exempt

- Independent Contractors

Common Law Guidelines

Common Law Employee:

An individual who performs services for you and is subject to your control regarding what will be done **and** how it will be done.

Independent Contractor:

An individual who performs services for you **but** you control only the result of the work.

Common Law Primary Factor

The right of the principal to control the manner and means of accomplishing a desired result.

The right to discharge a worker at will and without cause is strong evidence of right to control.

Examining the Factors



Distinct trade or occupation	Method of payment
Supervision	Regular part of the business
Skill level	Belief of the parties
Tools and place of work	Extent of actual control
Length of time	Services benefit the principal
Ability to earn a profit or incur a loss	

Employment (DE 231)
Employment Determination Guide (DE 38)

Weighing the Factors

The importance or weight given each factor will vary, depending on the specific work situation, industry, and occupation.



Statutory Employees

Employee by law under a specific statute.

Examples include, but not limited to:

- Corporate officers
- Unlicensed contractors
- Certain Limited Liability Company members

Exempt Employees

Certain employees are not subject to specific taxes or withholding provisions.

Examples include:

- Domestic Workers
- Family Members
- Direct Sellers
- Real Estate Agents

Exempt Employment (DE 231EE)

Additional Resources

- *California Employer's Guide* (DE 44)
- *Determination of Employment Work Status* (DE 1870)
- California Unemployment Insurance Appeals Board website www.cuiab.ca.gov/index.asp
- Online Employee or Independent Contractor Course www.edd.ca.gov/Payroll_Taxes/Web_Based_Seminars.htm



Thank You.

Questions?

EDD Employment
Development
Department
State of California

The slide features a light blue background with a white rounded rectangle containing the text "Thank You." and a circular button with "Questions?". The EDD logo is positioned in the bottom right corner.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities.



Mission Statement

The SBA was created to provide three services to business owners: coach, capitalize, and secure government contracts.



HOW WE ASSIST SMALL BUSINESSES

- **Business Development**
- **Access to Capital**
- **Government Contracting Assistance**
- **Technology Development**
- **Disaster Assistance**



SBA Provides

- **Management & Technical Assistance**
- **Certifications**
- **Loan Guarantees**



BUSINESS DEVELOPMENT Resources

- **SCORE**
- **Small Business Development Centers (SBDCs)**
- **Women Business Centers (WBCs)**
- **Online Assistance at www.sba.gov**



BUSINESS DEVELOPMENT Resources (cont.)

- Collaborative efforts / partnerships with Resource Partners to provide

“Meaningful Solutions”

- Connect with Federal Agencies
- Trade Associations
- CITD Network
- CMTC
- Chambers of Commerce
- Foreign Consulates
- Others



SMALL BUSINESS DEVELOPMENT CENTERS

- Orange County Small Business Development Center
- Inland Empire Small Business Development Center
- Tri Tech Small Business Development Center



SCORE, Counselors to America's Small Business



Nationwide network of volunteers
dedicated to providing free business
counseling and low cost training
workshops



Santa Ana District Office

SBA FINANCIAL ASSISTANCE PROGRAMS

- **Disaster Programs**
- **International Trade / Export Programs**
- **Domestic Programs**



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PURPOSE OF FINANCIAL ASSISTANCE PROGRAMS

- To insure that small businesses have access to the financing needed for business development and growth.
- To give small businesses a flexible financing alternative when funding is not otherwise available on reasonable terms



Access to Capital

The SBA does not make direct loans
SBA provides loan guarantees

- Maximum SBA loan is \$5 MM – Last year the Santa Ana District Office lenders reported over 1.5 billion in loans in the tri-county area.



REQUIREMENTS OF SBA LOAN PROGRAMS

- **Must be a “For Profit” business.**
- **Must qualify as small under SBA size standards.**
- **Must be unable to borrow on reasonable terms from conventional lenders.**
- **Loans cannot finance speculation or investment real estate.**



SBA LOAN CREDIT REQUIREMENTS

Most important issues

- **Financial Health of Business - Cash Flow**
- **Credit**
- **Capital Injection /Equity**
- **Management Experience**
- **Secondary Repayment - Collateral**



LOAN MATURITIES **fully amortized - no balloon**

Eligible Uses Of Proceeds

- Working capital
- Acquisition of machinery or equipment
Real Estate
- Debt refinance



SBA LOAN PROGRAMS

7(a) Program
504 Program
CAPLine
Disaster Loan Program
Microloan



Veteran Advantage

- ◆ For **SBA Express Loan** – no guaranty fee up to \$350,000
- ◆ For non-SBA Express Loans (other 7(a) loans – amount from \$150,001 to \$5,000,000, SBA will charge **half of the guaranty fees, this applies to maturity over 12 months**
- ◆ For loans with 12 months or less – SBA will charge 0.125%



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MICRO-LOAN PROGRAMS

- ◆ Loans start at \$25,000-\$50,000
- ◆ Maturity 3-5 years
- ◆ Orange County, Riverside and San Bernardino



Micro-Lenders

- ◆ Opportunity Fund
- ◆ East West Bank
- ◆ Business Funding 4 You
- ◆ The Center /MMC
- ◆ SBA Veterans Loan starting at \$150,000
- ◆ CDC Small Business Finance



CAPLines Loan Program Short Term Loans & Revolving Lines of Credit

- Five types of loans
- Maturity up to five years
- Negotiated interest rates
- For large assets up to \$5MM
- Small assets based limited to \$200,00



504 LOAN PROGRAM

Fixed Asset Loan Program

Provides long-term,
fixed-rate financing for
major fixed assets, such
as land, buildings, and
long-life equipment



Santa Ana District Office



U.S. Small Business Administration

International Trade Finance Programs



Santa Ana District Office



68 SBA District Offices
Leading – Export Outreach Teams
Gateway- Next Steps for Developing
Global Business



SBA Export Finance
Assistance Programs:

- **Export Working Capital Program**
- **SBA Export *Express***
- **International Trade Loan**



EXPORT ASSISTANCE

- Export Financing
- Export Legal Assistance Network (ELAN)
- SBDC's & SCORE
- ETAP
- Trade Mission Online



SBA Santa Ana District Office

SBA EXPORT EXPRESS

- Loans up to \$500,000.
- Streamlined & Expedited Loan Review



SBA Santa Ana District Office



**Additional information available
on line**

www.sba.gov/oit

**Including copies of all required
application forms, program info
and national staff directory**



Export Working Capital Program



- **Pre-Shipment Guarantee**
Loan proceeds to acquire/produce goods or services for export
- **Post-Shipment Guarantee**
Discounting accounts receivable



Export Working Capital Program



Short Term Transaction Based

Assignment of payment proceeds from foreign buyer:

- Letter of Credit
- Open Account

Unlike more traditional financing , loan repayment not based on Cash flow or profitability



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Export Working Capital Program Features



- Single Transaction or Revolving Credit Line may be established to support multiple export transactions.
- ❖ Disbursements must be linked to specific export transaction, contract, PO, LC, invoice, etc.
- Maximum gross loan limit \$5,000,000. (no minimum). Maximum 90% SBA guaranty to the lender



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Export Working Capital Program Collateral



- A) UCC lien on raw materials-
inventory purchased with SBA funds
- B) Assignment of contract proceeds
- C) Personal guaranty
- D) Additional collateral may be
required on a case-by-case basis.



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Export Working Capital Program Eligibility & Features



- Exporter must demonstrate ability to perform / i.e. in
business 12 months (Note other “non-export” SBA loans
are available from SBA District Office)
- Minimal collateral
- Service & Trading companies are eligible
- Country limitation schedule
- Credit Insurance
- Applications processed at SBA USEAC



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SBA Export *Express*

- Provides financing to small businesses whose borrowing needs are too small to be profitably met by traditional SBA “Small” = maximum loan \$500,000 (no minimum)
- Flexible use of proceeds



SBA Export *Express* Incentives/Advantages

- No SBA application forms
- No SBA underwriting or credit review (eligibility review only)
- “Application” faxed or emailed by bank to SBA national processing center in Sacramento
-
- SBA turnaround 24-48 hours



SBA Export *Express* Eligibility

- **Lender to obtain a brief narrative from applicant to clarify how loan proceeds will be utilized.**
- **Applicant in business for at least 12 months.**
- **Proceeds are to be used to develop or expand applicant's export markets.**



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SBA Export *Express* Use of Proceeds

- **Finance Export Development activities supported by U.S. Department of Commerce Commercial Service: Gold Key, ICP, etc**
- **Other marketing costs such as participation in a foreign trade show or translation of product literature for use in foreign markets.**
- **Real Estate acquisition or construction to support production of goods for export.**
- **Acquisition of machinery or equipment (i.e. computers, forklifts, etc) to be used in the production of goods for export.**
- **Permanent long term working capital infusion**



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SBA International Trade Loan Long Term Financing

- Maximum loan amount \$5,000,000
- Provides long term financing for small business engaged or preparing to engage in exporting
- Applicant must establish that the loan proceeds will expand an existing export market or develop new ones
- Examples: purchase fixed assets, such as land and building, expand or renovate existing facilities, purchase machinery and equipment, permanent working capital, debt refinance in limited cases
- Application package must be submitted from lender to SBA (does not allow for streamlined faxing of application as in the Express program)



Government Contracting Opportunities

- ◆ SBA Small Business Certifications
- ◆ 8(a) Business Development Program
- ◆ HUBZone



Self-Certification Programs

- ◆ Service-Disabled Veteran-Owned Small Businesses.
- ◆ Women-Owned Small Business (WOSB)
- ◆ Small Disadvantaged Business (SDB)



Is Government Contracting for You?

- ◆ Do you have a product or service that the government is buying?
- ◆ Who do you find out?
- ◆ Fedbizoops.gov
- ◆ Certifications
- ◆ Do you know your industry codes?





Paul Smith
Economic Development Specialist
District International Trade Officer
U. S. Small Business Administration

SANTA ANA DISTRICT OFFICE
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Santa Ana, CA 92701
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<http://www.sba.gov/ca>



Santa Ana District Office



U.S. Small Business Administration

Useful Links for your review

Santa Ana District Office – www.sba.gov/ca/santa

SBA Events Calendar (includes resource partner events) – www.sba.gov/events

Newsletter Sign Up
https://public.govdelivery.com/accounts/USSBA/subscriber/new?topic_id=USSBA_76



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EXPORT TRADE ASSISTANCE PARTNERSHIP (ETAP)

Resource Partners:

U.S. Department of Commerce
SCORE
CITD
SBDC
Export-Import Bank
U.S. Export Assistance Center
Others



Santa Ana District Office



Presented By:

Nicole Kinney

Director, Inland Empire Women's Business Center





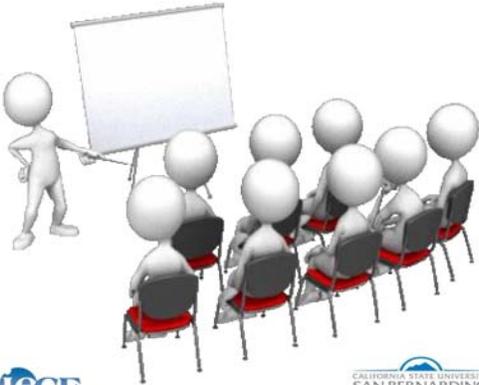
IEWBC Mission Statement

The IEWBC will counsel, teach, encourage, and inspire you at every stage of development and expansion.



Services

Training



Counseling





5 Tips to Social Media Marketing Success

1. Have a social plan
2. Know your audience
3. Commit time daily
4. Engagement is key
5. Understand your ROI

iece
INLAND EMPIRE
Center for Entrepreneurship
CALIFORNIA STATE UNIVERSITY

CALIFORNIA STATE UNIVERSITY
SAN BERNARDINO
College of Business and
Public Administration

U.S. Small Business Administration
SBA
Your Small Business Resource



Have a Social Plan



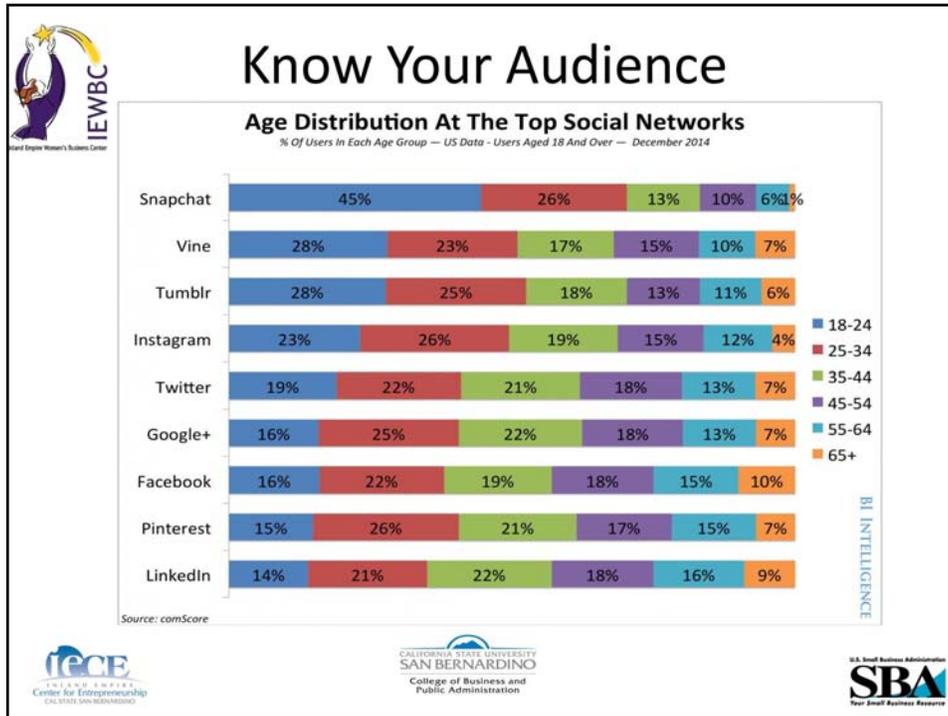
- Identify goals and objectives
- What is your budget?
- Establish a content plan/editorial calendar





 PINTEREST	 TWITTER	 FACEBOOK	 INSTAGRAM	 GOOGLE+	 LINKEDIN
SOCIAL SITE THAT IS ALL ABOUT DISCOVERY LARGEST OPPORTUNITIES  USERS ARE: 32% MALE 68% FEMALE 70 MILLION ACTIVE USERS	MICRO BLOGGING SOCIAL SITE THAT LIMITS EACH POST TO 140 CHARACTERS LARGEST PENETRATION in the US BUT SPREADING SLOWLY AND STEADILY 5,700 TWEETS HAPPEN EVERY SECOND 560 MILLION ACTIVE USERS	SOCIAL SHARING SITE THAT HAS 1 BILLION USERS WORLDWIDE LARGEST OPPORTUNITIES COMMUNICATING WITH CONSUMERS IN A NON-OBTRUSIVE WAY USERS SHARE 2.5 BILLION PIECES OF CONTENT EACH DAY 1 BILLION ACTIVE USERS	SOCIAL SHARING SITE ALL AROUND PICTURES AND NOW 15 SECOND VIDEOS MANY BRANDS ARE PARTICIPATING THROUGH THE USE OF #HASHTAGS AND POSTING PICTURES CONSUMERS CAN RELATE TO MOST FOLLOWED BRAND IS 150 MILLION ACTIVE USERS	SOCIAL NETWORK BUILT BY GOOGLE THAT ALLOWS FOR BRANDS AND USERS TO BUILD CIRCLES NOT AS MANY BRANDS ACTIVE, BUT THE ONES THAT ARE TEND TO BE A GOOD FIT WITH A GREAT FOLLOWING GROWING RAPIDLY WITH 925,000 NEW USERS EVERY DAY 400 MILLION ACTIVE USERS	BUSINESS ORIENTED SOCIAL NETWORKING SITE BRANDS THAT ARE PARTICIPATING ARE CORPORATE BRANDS GIVING POTENTIAL AND CURRENT ASSOCIATES A PLACE TO NETWORK & CONNECT 79% OF USERS ARE 35 OR OLDER 240 MILLION ACTIVE USERS

Designed by: Leverage - leverageinsights.com



Commit Time Daily

- Evaluate resources prior to launching social media presence.
- Consider outsourcing social media management



Engagement is KEY!



- Intriguing/informative posts
- Utilize photos, videos, and live stream
- Use humor
- Give something away
- Avoid hot button issues
- Be authentic
- REPLY!



Understand ROI



- Benchmark
- Website
- Analytics/
Measurement Tools



