



THE FORESIGHT COMPANIES, LLC

Accounting Newsletter

NOVEMBER 2014

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Giving Thanks for Accounting by Dan Isard

Accounting is a thankless job. This is not a pity me newsletter but a fact. Most accountants do their work in solitude.

At the Foresight Companies we think our accounting work and service is different. That is why we hope our clients give thanks for our REAL TIME Accounting.

Right now we are near the end of the year. Real Time Accounting is most powerful because it allows someone to do real time tax planning.



Once January hits, the only option on tax planning is bad debt write off. During the month of December, armed with end of November financials, planning for a calendar tax year is powerful and easy.

There are many planning strategies that we have to be thankful for. We can make decisions on the purchase of new equipment for the business. With the enhanced Section 179 depreciation deductions we can allow the govern-

ment to pay for 34% to 39% of the cost of this equipment. We can time the bonus payments for staff and owners to have the desired effect we want.

However, one thing we cannot time is the recognition of income. The rule of constructive receipt is simple.

As one new client learned, before using us, he cannot claim he didn't open the mail and therefore did not have the recognition of income. In fact, he got addicted to this. In one year he didn't open his mail for two weeks, as his idea of tax planning. He recognized the two weeks of mailed in checks in January,

but then come December first of the next year, he started his "not opening the mail tax planning again", and once again deposited a lot of December dated checks in January. However, with his growing business, he ultimately was carrying this to not making any deposits from about October 15th on. He was audited and he learned his very expensive lesson. Now he uses more traditional forms of tax planning armed with our Real Time Accounting!

On Thanksgiving Day, surrounded by family and friends, we do not want to lower our heads in prayer and pray not to be audited.

