

Bookkeeping Bits

Change is in the Air

Hi everyone! Well everything in the U.S. economy changed on March 30, 2010 when sweeping tax changes were enacted as part of the Health Care and Reconciliation Act of 2010. I am most concerned about how the changes will affect small businesses, which are the job producers in the United States. Here is information about the tax credit small businesses will receive:

Small employers with no more than 25 employees and average annual wages of less than \$50,000 that purchase health insurance for employees with a tax credit.

Phase I: For tax years 2010 through 2013, provide a tax credit of up to 35% of the employer's contribution toward the employee's health insurance premium if the employer contributes at least

50% of the total premium cost or 50% of a benchmark premium. The full credit will be available to employers with 10 or fewer employees and average annual wages of less than \$25,000.

The credit phases-out as firm size and average wage increases. Tax-exempt small businesses meeting these requirements are eligible for tax credits of up to 25% of the employer's contribution toward the employee's health insurance premium.

Phase II: For tax years 2014 and later, for eligible small businesses that purchase coverage through the state Exchange, provide a tax credit of up to 50% of the employer's contribution toward the employee's health insurance premium if the

employer contributes at least 50% of the total premium cost.

The credit will be available for two years. The full credit will be available to employers with 10 or fewer employees and average annual wages of less than \$25,000.

The credit phases-out as firm size and average wage increases. Tax-exempt small businesses meeting these requirements are eligible for tax credits of up to 35% of the employer's contribution toward the employee's health insurance premium.

I will try to touch on other changes in future writings. Happy Spring!



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Tax Tips

From Knudsen Accounting Services, P.C.

Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These provisions are part of the Hiring Incentives to Restore Employment (HIRE) Act.

Employers who hire unemployed workers after Feb. 3, 2010 and before Jan. 1, 2011 may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from their share of Social Security taxes

on wages paid to these workers after the date of enactment. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

In addition, the new law requires that the employer get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer

than a total of 40 hours for someone else during the 60-day period. The IRS is currently developing a form employees can use to make the required statement.

Employers claim the payroll tax benefit on the federal employment tax return they file, usually quarterly, with the IRS. Eligible employers will be able to claim the new tax incentive on their revised employment tax form for the second quarter of 2010.

Meet the Staff



Hello, I am Bob Skates, Tax Accountant for Knudsen Accounting. I live in Billings, Montana with my wife Lea. We have two children and five grand children who we love to visit! In my spare time, I enjoy GOLF, bowling, and traveling.

I graduated from the University of Montana with an accounting degree and then started practicing as a Certified Public Accountant. I have been involved in public, private and governmental accounting. I joined Knudsen six years ago and can be found there each tax season. Is it April 16th yet?

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QuickBooks Tips—Creating Columns Using Custom Fields

By: Nancy Howell, Manager of New Client Implementation
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In my last QuickBooks tip, I shared how to use the **custom fields** in your QuickBooks to improve customer, vendor, and employee relations. Today's tip takes the custom fields a step further.

The data entered in the **customer file** is displayed in the upper and lower portions of the invoice. Occasionally, our online bookkeeping clients may need to add another column to their invoices to more specifically identify or categorize their products & services. One example might be to add a serial or model # column.

In QuickBooks, you can add an additional column to the invoice by adding a **custom field** to the **item list**.

Edit any item in the item list and click on the **custom fields** button. Then click on the **define fields** button, name your newly created field, and select **OK**. Then edit the invoice template and select the **Additional Customization** button. Select the **Columns** tab to find your newly created field, and select the **screen** and **print** boxes. Your new field will now display on your invoices. It can either pre-fill with data that you've

already entered into that field from the **item** window, or you can enter the information at the invoice screen (if the information changes each time). A custom field will store up to 30 characters of information. It can always be left blank if not applicable for that particular item. And QuickBooks allows you to have up to 5 **item** custom fields. If your current invoice does not include as much information as you'd like, consider using the custom fields within your item list to provide better detail for you and your customers.

April 15th Deadline to file your **Annual Business Report** with the MT Secretary of State. Personal tax returns are due as well.



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