



NISIVOCCIA LLP

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As we approach mid-2017, it is important to keep in mind your 2017 taxes. The article below emphasizes the steps you need to take to start collecting your 2017 tax refund now.

If you, or someone you know, has expanded their business into other states, the article on the back will be beneficial to read. It explains both the rewards and drawbacks of possible taxations for your business when crossing state lines.

If you are to have any questions at all, please always feel free to contact me.

**Sincerely,
Robert B. Charlton, CPA**

Turning Next Year's Tax Refund Into Cash In Your Pocket Now

Each year, millions of taxpayers claim an income tax refund. To be sure, receiving a payment from the IRS for a few thousand dollars can be a pleasant influx of cash. But it means you were essentially giving the government an interest-free loan during the year, which is not the best use of your money, especially if you pay interest on loans or could otherwise invest the money.

Fortunately, there is a way to begin collecting your 2017 refund now. You can reduce the amounts you are having withheld and/or the estimated tax payments you're making to keep more money in your pocket during the year.

Reasons to Modify Tax Payments

It is particularly important to check your withholding and/or estimated tax payments if:

- You received an especially large 2016 refund,
- You changed marital status or divorced or added a dependent,
- You purchased a home,
- You started or lost a job, or
- Your investment income has changed significantly.

Even if you have not encountered any major life

changes during the past year, changes in the tax law may affect withholding levels, making it worthwhile to double-check your withholding or estimated tax payments, especially if the government pays any tax reforms during 2017.

Making a Change

You can modify your withholding at any time during the year, or even several times within a year. To do so, you simply submit a new Form W-4 to your employer. Changes typically go into effect within several weeks after the new Form W-4 is submitted. For estimated tax payments, you can make adjustments each time quarterly payments are due.

While reducing withholdings or estimated tax payments will, indeed, put more money in your pocket now, you also need to be careful that you don't reduce them too much. If you don't pay enough tax during the year, in addition to any unpaid taxes, you could end up owing interest and penalties when you file your return.

If you would like help determining what your withholding or estimated tax payments should be for the rest of the year, please don't hesitate to contact me. I'm always happy to help.

About Nisivoccia LLP

Nisivoccia LLP, founded in 1970, services clients in Sussex County and Northern New Jersey. We have proudly earned a reputation for integrity, personal service and dependability within the industries we serve. Our partners and professional staff are experts in a variety of industries and provide audit, accounting, tax, wealth management and advisory services to our clientele.

Numbers you can count on. Relationships you can trust.



Operating Across State Lines Presents Tax Risks - Or Possible Rewards

It is a smaller business world after all. With the ease and popularity of e-commerce, as well as the incredible efficiency of many supply chains, companies of all sorts are finding it easier than ever to widen their markets. Doing so has become so much more feasible that many businesses quickly find themselves crossing state lines.

But therein lies a risk. Operating in another state means possibly being subject to taxation in that state. The resulting liability can, in some cases, inhibit profitability. But sometimes it can produce tax savings.

Do You Have "Nexus"?

Essentially, "nexus" means a business presence in a given state that's substantial enough to trigger compliance requirements with that state's tax rules and obligations.

Precisely what activates nexus in a given state depends on that state's chosen criteria. Triggers can vary but common criteria include:

- Employing workers in the state,
- Owning (or, in many cases even leasing) property there,
- Marketing your products or services in the state,
- Maintaining a substantial amount of inventory there, and

- Using a local telephone number.
 A minimal amount of business activity in a given state probably will not create tax liability there. For example, an HVAC company that makes a few tech calls a year across state lines probably wouldn't be taxed in that state. Or let's say you ask a salesperson to travel to another state to establish relationships or gauge interest and take sales orders. As long as he or she does not close any sales, and you have no other activity in the state, you likely will not have nexus.

Strategic Moves

If your company already operates in another state and you are unsure of your tax liabilities there — or if you are thinking about starting up operations in another state — consider conducting a nexus study. This is a systematic approach to identifying the out-of-state taxes to which your business activities may expose you.

Keep in mind that the results of a nexus study may not be negative. You might find that your company's overall tax liability is lower in another state. In such cases, it may be advantageous to create nexus in that state by, say, setting up a small office there. If all goes well, you may be able to allocate some income to that state and lower your tax bill.

The complexity of state tax laws offers both risk and opportunity. Feel free to reach out to me should you have any questions concerning how to ensure your business comes out on the winning end of a move across state lines.



About Robert B. Charlton, CPA

Bob has over 30 years of experience as a small business owner's "one-stop-shop" for their accounting and tax planning needs. He continues to expand his practice to small business owners and individuals in Sussex County and the surrounding communities. Please reach out to him at 973-383-6699 if you know of anyone considering a new relationship with a trusted accounting and tax planning professional.

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