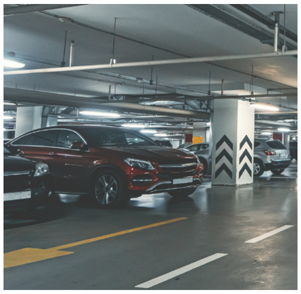
Williams Overman Pierce, LLP
Certified Public Accountants and Consultants

FEBRUARY 2019

In This Issue:

How Employers Can Calculate Nondeductible Employee Parking Expenses, and Possibly Reduce them by March 31, 2019

Summary



Employer business deductions for qualified transportation fringes ended in 2018. The 2017 tax reform known as the Tax Cuts and Jobs Act (TCJA), P.L. 115-97, amended Sec. 274(a)(4) by eliminating employer business deductions for employee[1] qualified transportation fringe (QTF) benefit expenses, including qualified parking[2], mass transit and van pool benefits (although such benefits continue to be excluded from employee income).

Increased cost for tax exempt employers started in 2018. TCJA also amended Sec. 512(a)(7) to require tax exempt employers to increase their unrelated business taxable income (UBTI) for such QTF expenses.

How to calculate employee parking expenses was unclear. These changes were effective for amounts paid or incurred after December 31, 2017, but TCJA did not explain how to determine the amount that is nondeductible or treated as an increase in UBTI. Although the IRS intends to propose regulations under Sec. 274(a)(4) and 512(a)(7) (and under Sec. 6012 for tax exempt employers' related filing requirements), in the interim, the IRS recently issued Notice 2018- 99 (December 10, 2018), providing limited guidance on how to calculate nondeductible parking expenses. Employers may rely on Notice 2018-99 until further guidance is issued.

Click here to read more.

Congratulations!

At Williams Overman Pierce we are very proud of our team members' accomplishments. We would like to congratulate Kaitlyn Porter (Senior Accountant) and Amber Milby (Staff Accountant) for passing the CPA exam. Great job!

Kaitlyn Porter and Amber Milby

Top 10 Property Tax Myths

Are you missing an opportunity to reduce your property tax liability?

Nearly all local taxing jurisdictions, including municipalities, counties, and boards of education, generate tax revenue through the imposition of property tax, which is one of the most substantial sources of local government revenue. For many businesses, property tax is the largest state and local tax obligation, and one of the largest regular operating expenses incurred.

Unlike other taxes, property tax assessments are based on the estimated value of the property, and thus, are subject to varying opinions. Businesses that fail to take a proactive approach in managing their property tax obligations may be missing an opportunity to reduce their tax liability. Below are 10 common property tax myths, and the truths that counter them.

To read more click here.

Treating Numbers Like Numbers
and People Like People

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New Rules for Business Annual Report Filings

Effective January 1, 2019, all business annual reports must be filed directly with the North Carolina Secretary of State. Tax preparers are no longer permitted to complete the annual reports on behalf of their clients, requiring the entities to prepare and file the annual reports directly online through the Secretary of State website.

Each business corporation, limited liability company, limited liability partnership, and limited liability limited partnership is required to file an annual report with the N.C. Secretary of State (unless an exception applies).

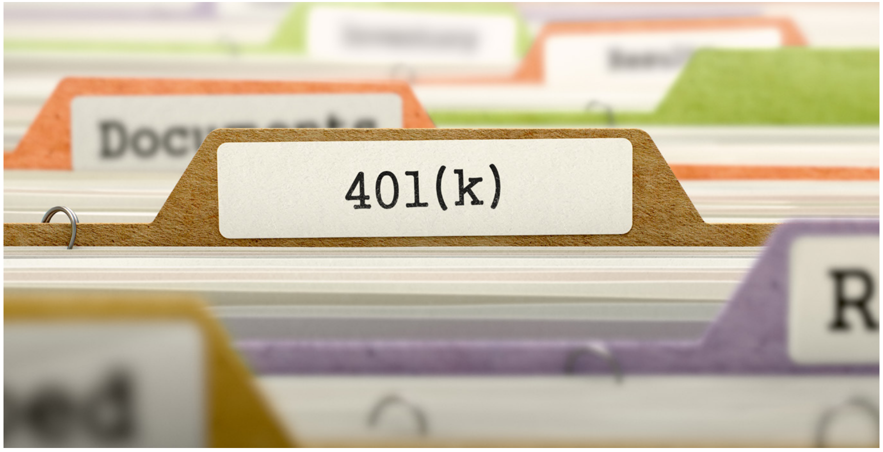
The process to file your annual reports online is simple.

Click here to read more.

Need Tax Strategies?

Effective tax planning can make the difference in having an outstanding or disappointing year. We provide our clients with tax strategies that result in real savings, improved cash flow and improved profitability. Our tax specialists take the time to learn your business, value your goals, analyze your individual tax needs, and apply the tax code and regulations appropriately.

Need help with your taxes? Give us a call today at 1.800.331.5325 and one of our tax specialists will help you with your tax strategy.



Labor Department Proposes Auto-Transfer Plan for Small 401(K) Accounts

Each year, nearly 15 million American workers change jobs, with many leaving their 401(k) accounts behind. The Department of Labor (DOL) is trying to relieve this headache for plan sponsors and keep employee accounts more complete by proposing a rule that would transfer retirement balances left behind to participants' 401(k) plans at their new employers.

If the **proposed rule** is finalized, it would clear the way for companies to automatically transfer abandoned 401(k) accounts between $1,000 to $5,000 to financial technology firm Retirement Clearinghouse LLC (RCH) of Charlotte, N.C. RCH would hold the assets in an individual retirement account (IRA) when an employee leaves a job or if the plan is terminated; the assets would then automatically transfer when the employee moves to a new company and opens a corresponding 401(k) account.

RCH needs the DOL approval because current law bans the firm from accepting a fee for the automatic transfer on behalf of the participant from the old employer to the new one. RCH said it uses locate, match and transfer technology that scans record keepers—who voluntarily provide data—to determine whether the participant has found a new job.

Slowing the Leakage

This auto portability proposal is in line with other automatic 401(k) plan features, like auto enrollment and escalation, that are designed to encourage saving for retirement. It also addresses what RCH calls a cash out, or leakage, crisis.

To read more, **click here**.

Welcome to the Team!

Williams Overman Pierce would like to introduce our new staff members, Stephanie Taber, Jon Howard, and Rachel Beauchamp. Please join us in giving them a warm welcome.

Stephanie Taber

Jon Howard

Rachel Beauchamp