

Plan for Success

Providing Guidance for Tax and Financial Planning

August 2024

Donations

Donations made to individuals are not tax-deductible. This includes GoFundMe, Kickstarter and other sites dedicated to individuals or small groups like a family that lost their home.

Your charitable giving will qualify for a tax deduction only if it goes to a tax-exempt organization, as defined by section 501(c)(3) of the Internal Revenue Code. Before you donate, ask the charity how much of your contribution will be tax-deductible.

Keep track of your tax-deductible donations, no matter the amount. If you made a monetary contribution, qualifying documentation includes a bank statement, a credit card statement and a receipt from the charity (including date, amount and name of the organization) or a canceled check. All receipts of items donated at places like Goodwill will also need a description of items as well as approximate amount.

For value, check out these links: <https://satruck.org/Home/DonationValueGuide> or

<https://goodwillnne.org/donate/donation-value-guide/>



Things to Remember

- August is UPDATE YOUR INFORMATION MONTH. Please give us a call to make sure all your contact information is current, (414) 321-0555 or send an email, agross@bmsmanagement.net. Thanks!
- 3rd estimated personal income tax payment for 2024 is due September 15th.
- 3rd Quarter payroll forms will be due October 31st.



B.M.S.
MANAGEMENT
SERVICES

Your small business accounting
and tax specialists.

- Quarterly accrual accounting clients should have inventories, accounts receivables and accounts payable balances of as of September 30th.

- Check out our website for even more updates and previous Newsletters.

www.bmsmanagement.net

9232 W Howard Avenue Greenfield, WI 53228

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(414) 321-0555

Gambling and Taxes

Whether it's \$5 or \$5,000, from the track, an office pool, a casino or a gambling website, all gambling winnings must be reported on your tax return as "other income" on Schedule 1 (Form 1040). If you win a non-cash prize, such as a car or a trip, report its fair market value as income.

- You can't subtract the cost of a wager from your winnings. However, you can claim your gambling losses as a tax deduction if you itemize your deductions.
- Your deductions for gambling losses can't exceed the gambling income you claimed. You can't use gambling losses to reduce your other taxable income.

For more info: <https://turbotax.intuit.com/tax-tips/>

Use Tax

Use tax is the counterpart of sales tax. Individuals & businesses are subject to this tax; it must be paid on all taxable items purchased from retailers who do not collect Wisconsin sales tax and on all taxable items brought into Wisconsin. It also applies to purchases made in foreign countries as well as other states. Use tax only applies when Wisconsin tax is not charged. There are convenient ways to keep track of taxable purchases during the year.

1. Use the tax calculator worksheet SU-102; the WI Dept. of Revenue supplies free of charge (an Excel spreadsheet). Calculate the use tax by multiplying the cost of the taxable goods or services purchased, including separately stated charges such as shipping and handling, by the tax rate.
2. Use a Tax Accrual Account; some businesses will set up an account in the books of ledger to accrue the tax liability. The balance in that account is remitted when the business files its sales and/or use tax return.
3. Keep a list &/or folder with all items purchased that would be subject to use tax. Report with your tax return.

Individuals and businesses should note on the invoice that use tax was remitted when filing their return. A business may also want to keep a copy of such invoices separately to support the use tax remitted.

Note: Failure to report Wisconsin use tax is the most common error discovered in audits by the Department of Revenue. Filing incorrect returns can result in very costly penalties. Go to www.revenue.wi.gov for more information.

Disclosure

Additional issues may exist that could affect the federal tax treatment of the transaction on the matter that is subject of this advice and this advice does not provide a conclusion with respect to such issues. With respect to such issues outside the limited scope of this advice, the advice was not written and cannot be used for penalty protection.

In our Next Issue:

- * Estimated Tax Payments and Safe Harbor Rules
- * Reminders
- * Year-End Planning
- * Hobbies
- * Teenagers that Work
- * Suspicious IRS Emails

Documentation is Key

More & More emphasis is being made on documentation of expenses and deductions. Keeping good records is key to utilizing all deductions you are entitled to. Create a system (a file or a box) and be sure all receipts end up in it—you can always sort it out at a later date. That way everything you will need is in one place. Quickbooks Live also has a great app to scan receipts and you can sort them into proper categories as you go.

Office Hours

Monday - Thursday
8:30am - 4:00pm
Friday
8:30am - 2pm

If you need to stop by
please call ahead
414-321-0555



"Plan For Success"

9232 West Howard Avenue
Greenfield, WI 53228-1644

Management Services Offered:

Bank Reconciliations
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Tax Liability Reporting
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*Compilation
Business Plans
Financial Planning
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Projections
Tax Return Preparation
Notary Public

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