



## OUR FAVORITE THINGS

**Tax strategies** are top of mind throughout the year as we work with our business owners, nonprofit organizations and individual clients. With the holidays and 2011 in sight, three GH&I tax professionals offer some of their favorite tax strategies and opportunities. Checking this list twice could bring an unexpected gift!



**[Mac Smith, CPA, CFP®](#), Senior Manager**

*Technology Group Tax Leader*

Email [msmith@ghi-cpa.com](mailto:msmith@ghi-cpa.com)

**Research and Development Credit.** Many companies don't bother calculating the available research and development credit, because they don't currently have taxable income and can't use the credit today. Even if your company doesn't have taxable income today, I presume that you someday will. Wouldn't it be nice to be able to offset some of that 35% tax liability with credits that have been generated over the previous years of operations? Maximizing this credit requires the compilation of information about your business operations and capturing all of the expenses related to research and development. This is best accomplished concurrently to making the expenditures, as you can only go back three years to capture previously unclaimed R&D expenses. You can, however, carry forward any unused credit for up to 20 years.

**Georgia Films Credit.** This credit isn't just for movie makers. This credit came about in 2008 as the result of the Georgia Entertainment Industry Investment Act and grants an income tax credit of up to 30% for qualified productions including feature films, television series, commercials, music videos, video games and animation. This is one of the most generous tax incentives in the country. It gets even better! This credit is transferable. This means that if you don't need it, you can sell it and effectively get a rebate on those qualifying expenses courtesy of the great state of Georgia.

**Georgia Angel Investors Credit.** In an effort to incentivize investment in Georgia's emerging businesses, the state is offering a 35% income tax credit to individuals and pass-through entities for investments made in qualifying small businesses in 2011, 2012 and 2013. This provides a quick 35% return on investment in a qualifying Georgia business, and should be one of the key factors to highlight when you are trying to raise your first round of capital.



**[Ron Kelm, CPA, MST, Senior Manager](#)**  
*Construction/ Real Estate Tax Leader*  
Email [rkelm@ghi-cpa.com](mailto:rkelm@ghi-cpa.com)

**Green Incentive for Business.** Section 179D deduction incentives continue to be available for lighting, HVAC and building envelope construction through 2013. For owners of existing structures, lighting is a common option to improve energy efficiency at a reduced upfront cost. You can deduct up to \$0.60/square foot of the cost for lighting only, or \$1.80/square foot for all three. Georgia has tax credits, too, but the standards are more stringent than the federal deduction and preapproval is required.

**Accounting Method Selection.** A great way to save taxes, particularly for new companies, is to use the best accounting method available to defer income recognition. For those businesses that qualify for the completed contract method, proper early planning to determine which contracts to extend completion to next year, if you can control it, will reap tremendous cash flow benefits.



**[Linda Berggren, CPA, RFG, Principal](#)**  
*Nonprofit Business Advisory Leader*  
Email [lberggren@ghi-cpa.com](mailto:lberggren@ghi-cpa.com)

**Small Business and Nonprofit Employer Tax Credit.** The Patient Protection and Affordable Care Act (PPACA), which created the credit to help small employers offset the costs of health insurance, provides a gift to employers of less than 25 full-time equivalent employees. For-profit small employers will use Form 8941 to calculate the credit and include the amount of the credit as part of the general business credit on their federal income tax returns. Nonprofit small employers will claim the credit on Form 990-T (if the organization does not have unrelated business income tax, the amount of the credit will be refunded).

**Temporary Health Insurance Reporting Relief.** The Internal Revenue Service (IRS) released Notice 2010-69 on October 12, providing interim relief to employers with respect to reporting the cost of coverage under an employer-sponsored group health plan on Form W-2, Wage and Tax Statement. The Patient Protection and Affordable Care Act (Affordable Care Act) (P.L. 111-148) requires employers to report the aggregate cost of applicable employer-sponsored coverage on the Form W-2. The Notice makes this provision optional for employers in 2011, allowing employers time to make any necessary changes to payroll systems or procedures to comply with this new reporting requirement.

**GH&I Insights for Nonprofits E-newsletter.** Our quarterly electronic newsletter provides a wealth of useful information helpful to nonprofit organizations. It remains one of my favorite things to offer nonprofit organizations as they seek credible information and tools in which to operate. To subscribe, visit [ghi-cpa.com](http://ghi-cpa.com).

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