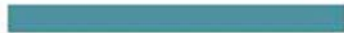




CRAFT, NOBLE & COMPANY



Welcome to Craft, Noble and Company's e-news update. We hope that everyone is enjoying fall and preparing for Halloween. Here's the most current news for you to read over. If you would prefer to receive a print copy of each quarterly e-newsletter, please call our office to place that request.

Be sure to follow us on social media, we are on Facebook so give us a "Like" for more up-to-date news and information.

Likewise, if you know a friend or colleague who might be interested in receiving this e-newsletter, just click the "Forward to a Friend" button. Privacy and confidentiality is a hallmark of our business, so you can be assured your name or address will not be shared with anyone.

Major Upcoming Tax Deadlines

October 17th- Today is the filing deadline for extended individual tax returns.

November 15th- The filing deadline of Form 990 for exempt-organizations with a June 30 year-end.

Payroll Tax Deposits- Employers must make their deposits for the Form 941 payroll taxes (federal income tax withheld and the employee and employers share of the social security taxes). These deposits should be made either monthly or semiweekly depending on your deposit schedule. Exceptions apply if you owe \$100,000 or more on any day during the deposit period, if you owe \$2,500 or less for the calendar quarter, or if you estimated annual liability is \$1,000 or less.

Monthly deposits- These deposits are required to be paid within a calendar month by the fifteenth of the following month.

Semiweekly deposits- These deposits are required to be paid on Wednesdays or Fridays, depending on when wages are paid.

For any questions you may have on these deadlines, contact our office.

Get Ready for Year-End Tax Planning

October 17 is the final extended deadline for filing your 2015 federal individual income tax return. Before you set aside last year's paperwork, give some thought to what you can do to reduce this year's bill. Even though December 31 is still three months away, some tax strategies take time to implement. For example, if you're close to the threshold for deducting medical expenses, you may want to schedule routine doctor visits before December 31. Another consideration is the balance in your health flexible spending account. Does your employer provide a grace period or the option to carry over up to \$500 of your account balance? If not, you'll want to make sure you spend the money on legitimate health care items before year-end. Otherwise you forfeit what's left in your account.

Give us a call if you want to schedule an appointment to review your tax planning before it's too late.

Did You Get an IRS Notice? Here's What to Do

According to a 2016 report from the Treasury Inspector General for Tax Administration, the IRS mailed more than 188 million notices and letters to taxpayers during 2014. There's no reason to believe the number of notices will be slowing down anytime soon. If you're on the IRS mailing list, here's what to do.

- **Scan the heading-** The first line, generally printed in bold type and centered beneath your name and address, will tell you why the IRS is contacting you. Questions about missing information, additional taxes owed, or payments due mean you'll want to take prompt action to avoid more notices or assessments of interest and penalties.
- **Review the discrepancy-** You'll find the tax form and the year to which the notice applies printed in the upper right corner. Pull out your copy of the corresponding tax return, along with the supporting documents, and compare what you filed with what the IRS is questioning.
- **Prepare your explanation-** Are the proposed changes correct? Did the IRS misapply a payment? Whatever the issue, there's usually no need to file an amended return. However, the IRS typically wants a response, by either phone or mail, in order to clear the notice from your account.
- **Do not delay-** Ignoring IRS correspondence will not make it go away. Reply to the IRS in a timely manner even if you don't have all the information being requested.

Please contact us when you receive a notice from the IRS or state or local taxing authority. We're here to help you resolve the matter as quickly as possible.

Is S Corporation Status Right for Your Business?

When you incorporate your business, one decision is whether or not to make an election to become an S corporation. By choosing to make the election, you switch from a regular corporation, known as a C corporation, which is taxed as a separate entity, to an S corporation, where profits and losses are taxed on the individual tax returns of shareholders. Put another way, an S corporation retains the limited liability feature of a corporation, but transfers the tax treatment on income and losses to the individual level.

- **When does the election make sense?** In cases when your individual tax rate is lower than the corporate rate, passing income to your personal federal income tax return means less overall tax. Another example: The difference in the way losses are handled. In a C corporation, losses can offset future profits. Unfortunately, in a start-up business, generating a profit may take years. Shareholders in an S corporation can use losses to offset other income, as long as they have basis in the business.
- **So what is the downside?** From a tax standpoint, C corporations may be able to provide more tax-free fringe benefits to shareholder-employees than S corporations can. In addition, S corporations must meet certain rules to avoid terminating the election. For example, the S corporation can have only a limited number of shareholders, all shareholders must be U.S. residents, and shareholders must generally be individuals.

Do you have questions about whether S corporation status is right for your business? Contact us. We can help guide you through the tax benefits and drawbacks.

What's in A Number? Understand Your EIN

The Internal Revenue Service has your number - your employer identification number, or EIN, that is. Your EIN is a nine-digit number that you use to identify your business when filing tax returns or making tax payments.

- "Who needs an EIN?" You could need an EIN even if you don't have employees, and entities you might not think of as businesses, such as employee benefit plans, estates, or trusts, may need one. For instance, say you're appointed as trustee of an irrevocable trust that receives or distributes income. If the trust is required to file a tax return, you'll need an EIN.
- "When does your EIN change?" Generally, your EIN lasts for the life of your business, and you can keep the same number when you change the name of your business. But a change from one form of business to another – incorporating your partnership or sole proprietorship, for example - means you'll have to request a new identification number.
- "Can you have more than one EIN?" When you own more than one corporation, each needs an EIN, even if you're the sole owner. Partnerships also need separate EINs. However, when you conduct your sole proprietorship as a limited liability company and you have no employees, you can use your social security number instead.

You have our number, so give us a call. We'll be happy to determine whether you need an EIN, and to help you complete the forms to request one if you do.

What's New at Craft, Noble & Company, PLLC

We have had a number of changes at Craft, Noble & Company this year.

First we would like to congratulate Staff Accountant Sam Waninger on completing his CPA exam. Be sure to congratulate Sam when you see him during tax season.

We have also hired of two interns for tax season. We look forward to helping both of these young men gain experience in preparing and delivering returns this year.

Dylan Kelley is a senior at Eastern Kentucky University. He is expected to graduate in May 2017 with a Bachelors of Business Administration in Public Accounting. Dylan is currently President of Eastern Kentucky University's Accounting Society. Upon graduation Dylan plans to continue his professional development by pursuing the CPA certification. He is a 2013 graduate of Madison Central High School and a resident of Madison County.



Jon Ledang is a senior at the University of Kentucky pursuing a Bachelor's of Science degree in Accounting and Finance with an expected graduation date of May of 2017. Jon plans to pursue his CPA certification upon graduation. Jon is a 2009 graduate of Henderson County High School in western Kentucky. He resides in Lexington with his family.

We look forward to having both of these gentlemen serve you during tax season and furthering their accounting education with hands on experience. Be sure to congratulate them when you see them.

To finish off the newsletter why not look at some of the numbers behind Halloween. As Accountants we love numbers (so you don't have to). Are you in the 90% of Parents who admit to stealing candy from your kids? Have a happy Holiday season and we look forward to serving you in the near future.

HALLOWEEN BY THE NUMBERS

46%

of American adults carve a pumpkin for Halloween.

A pumpkin grown in 2010 weighed **1,810 POUNDS**

—as much as a dairy cow or roughly half the weight of a small car.



U.S. growers produce over **1.5 BILLION POUNDS**

of pumpkins per year. That's more than twice the weight of the Empire State Building.

Top pumpkin production states are Illinois, California, Ohio, Pennsylvania, New York and Michigan.



Pumpkins are a member of the gourd family, which includes cucumbers, honeydew melon, cantaloupe, watermelon and zucchini.

THESE PLANTS ARE NATIVE TO CENTRAL AMERICA AND MEXICO, BUT NOW GROW ON SIX CONTINENTS.

Each pumpkin contains about

500 SEEDS.



Pumpkins are low in calories, fat and sodium and high in fiber. They are good sources of Vitamin A, Vitamin B, potassium, protein and iron.

There are **36 MILLION CHILDREN** in the United States between the ages of 5 and 13 —the prime trick-or-treating age group.



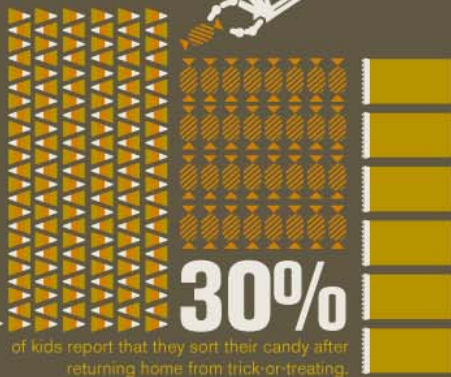
50%

of Americans decorate their yards for Halloween.



More than **35 MILLION POUNDS**

of candy corn are sold annually. That equates to nearly 9 billion pieces—enough to circle the moon nearly 21 times if laid end to end.



30%

of kids report that they sort their candy after returning home from trick-or-treating.

90%

of parents admit to sneaking goodies from their kids' Halloween trick-or-treat bags.



Nearly **120 MILLION AMERICANS** (children and adults) dress up in costumes for Halloween.



11.5% of Americans dress up their pet for Halloween.



72%

of adult Americans report handing out candy on Halloween.



The average American consumes **24 POUNDS** of candy each year. That's equal to the weight of 2,366.5 HERSHEY'S KISSES®.

SOURCES

US CENSUS BUREAU, NATIONAL CONFECTIONERS ASSOCIATION, AGMRC (AGRICULTURAL MARKETING RESOURCE CENTER), GUINNESS BOOK OF WORLD RECORDS, NATIONAL RETAIL FEDERATION