

Click on the topic...

**[Estimated payment reminder](#)**

September 16<sup>th</sup> is the quarterly deadline...

**[Connecticut employers](#)**

There's a new set of rules covering employee files...

**[ACA for all employers](#)**

We have until October 1<sup>st</sup> for a mandatory notification to employees...

**[By the numbers](#)**

Your chances of getting an IRS tax audit...

**[Do you have ALL your estate documents in order?](#)**

We can help with the retirement plan, but some of the rest is a DIY project, others need a lawyer...

**[Contact list](#)**

Our people and their email addresses...

**[Circular 230 disclosure](#)**

A legal requirement...

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**O**ur goal At Purtil & Company, we believe our best client is a well-informed client, one who welcomes ideas and challenges us with ideas. Our strengths are in planning, strategies and actions where we can put our knowhow to work as opposed to the book-and-forms work favored by many accounting firms.

This newsletter is part of that information effort, but it's not the only part. *In addition to this, we want you to feel free to ask us anything. If it's a quick email, and doesn't require extensive research or effort on part, our policy is to absorb the cost internally.* That will also let us identify bigger opportunities as they emerge.

[...back to top](#)

## **C**onnecticut Personnel Files Act

Connecticut's legislature recently amended the Personnel Files Act making the following significant changes for employers, effective October 1, 2013:

- Connecticut employees, in addition to requesting an inspection of his/her personnel file, can now request that the employer provide a copy of the file at no cost to the employee.
- The employer must respond to a request to inspect or copy a personnel file within seven business days of receiving the request from a current employee and within ten business days of receiving the request from a former employee (for up to one year after the employee leaves the organization, for whatever reason).
- The employer must provide employees copies of any documentation of disciplinary action within one business day of imposing the action and must immediately provide copies of any documented employment termination notice. The employer must inform an employee of his or her right to remove or correct information in the personnel file via a disclosure statement included on documentation of disciplinary actions, notices of termination, and performance evaluations. There is no specific statement that must be included, but something like the following would be ample. "If you disagree with any of the information contained in this document, you have the right to submit a written statement explaining your position. Any such submitted statement will be maintained in your personnel file."

[Click here for recommended actions by employers.](#)

[...back to top](#)

## *Recommendations for Employers*

- Set up a procedure to ensure a timely response to a request for a personnel file (7 days for current employees and 10 days for former employees).
- Be prepared to provide an employee with a copy of his or her file if requested.
- Retain former employee files for at least one year after the employee's departure.
- Draft a statement, similar to the one above, informing an employee of his/her right to remove or correct information in his/her personnel file and make sure that this statement is included on any performance improvement plans, performance reviews/evaluations and notices of termination.
- If a notice of termination is documented, be ready to provide a copy of such documentation to an employee immediately upon termination of employment.
- Update employment handbooks/policies to reflect the Act's amendments.

[...back to top](#)

## **A**ffordable Care Act - required employee notification

On May 8, 2013, the Department of Labor issued Technical Release No. 2013-02, *Guidance on the Notice to Employees of Coverage Options under Fair Labor Standards Act*. The release states that starting no later than October 1, 2013, employers must provide notice of health care exchange availability to current and newly hired employee. The release also announced an updated notice that plans must provide that informs departing employees about continued health care coverage under COBRA.

To read the entire Department of Labor release, go to:

<http://www.dol.gov/ebsa/newsroom/tr13-02.html>

In this release, the DOL provided two model notices to send to employees. To cut directly to the notices, follow these links, enter the information on the second page and hand or email to employees.

[Click here for model notice for employers who offer a health plan to some or all employees](#)

[Click here for model notice for employers who do not offer a health plan](#)

The following is a bit more complicated. You must copy it to company letterhead and provide the necessary information.

[Click here for the COBRA notice for all employers who offer a health plan](#)

[...back to top](#)

## **By the numbers - Your chances of a tax audit**

Out of the 146 million individual income tax returns filed in 2012, almost 81 percent were e-filed. As promised, the IRS stepped up its audit procedures in 2012, auditing just under 1% of all income tax returns. Is that your chance - 1% - of getting picked for an audit? It's hard to tell since the IRS has three years to audit any tax return, so considering that, it could be less. Check the numbers as published by the IRS:

12.1% If you report income of \$1 million or more.

2.8% If you report income of at least \$200,000 and under \$1 million.

0.4% If you report income of under \$200,000 and aren't self-employed or a real estate investor or business owner.

??% If you're self-employed, own rental real estate or invest in a partnership or small business corporation, you'd think it would be more, but the IRS will not say...

The chances don't seem to be affected by:

- Where you live
- Filing electronically
- Political leaning
- Industry
- Employer

What about your state? It's almost zero because the states rely on the IRS to do the audits, and they receive reports of IRS audits that they use to make assessments.

Our own experience? We handle a number of audits every year, but rarely of our own clients (maybe ¼ of 1%). Most of what we handle are clients of other firms.

[...back to top](#)

## **D**o you have these building blocks in place?

You have a retirement plan in place? Great. We did it? Even better! But for your estate plan, do you have the following items done? You can do most of them yourself, and your attorney will be happy to help with the documents.

- Will
- Marital trust
- Funeral and burial instructions
- Prepaid funeral
- Burial plot
- Family limited partnership for family-owned business or real estate
- Durable power of attorney
- Gift program
- Life insurance trust
- Qualified personal residence trust (QPRT)
- Living trust
- Health care proxy or power of attorney
- Guardianship arrangement for children and others
- Instruction letter on handling important sentimental objects

[...back to top](#)

## **E**stimated payment reminder

If your situation calls for quarterly estimated tax payments, the second is due on or before Monday September 16<sup>th</sup> 2013. However, there are a few considerations:

- If you're having a cash flow shortage, pay what you can and make it up later. Better to make a small payment than none at all.
- Consider making monthly payments instead of quarterly. This reduces the pain. There's no rule prohibiting a monthly payment and the IRS and your state will be happy to receive the money.
- If you pay a few days late, it's not a problem. Unlike other debts, such as credit cards, there is no large late fee for missing a deadline, but only a small interest adjustment.

The penalty for failing to make quarterly estimates is a form of late payment fee: a percentage of your tax bill but not as steep as the one charged by your credit card company. However, because you don't get any credit for paying early, there's no point in paying earlier than you have to. All you're doing is giving the government an interest-free loan. That's where we come in. We use our judgement in calculating the best payment - sometimes no payment at all - for the best deal for you. However, your situation may change during the year and affect your payment requirements. If it does, give us a call.

[...back to top](#)



## **C**ontact list

You can contact any Purtil & Company employee by using the employee's first name and our company email location. So, for John, the email address would be [john@purtil.com](mailto:john@purtil.com). Or, you can just click on the name below, which will open up your email editor.

### **[John Purtil, CPA](#)**

Financial and tax planning, business software, business planning, IRS problems, family businesses, AccountMate issues.

### **[Edwin Monteiro, CPA](#)**

Financial and tax planning, business software, tax returns, financial statements, client accounting, QuickBooks issues, AccountMate issues.

### **[Ardiana Adili](#)**

Financial and tax planning, financial statements, business planning, IRS problems, restaurants, client accounting, family businesses, QuickBooks issues .

### **[Olga Bubnova, CPA](#)**

Tax returns, financial statements, tax planning, QuickBooks issues .

### **[Gretchen Fredericks](#)**

Work flow management, firm administration, client accounts, collections, AccountMate issues. Gretchen is the person to see if you've got a hot deadline or want to know where something is.

[...back to top](#)

## **Circular 230 disclosure**

Under U.S. Treasury Department Regulations, we are required to inform you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including attachments, enclosures and links is not intended or written to be used, and may not be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein.

[...back to top](#)