

# [WCG Tax Blog](#)



## WCG Tax Blog

The Watson CPA Group blog contains articles and other cheeky items that are short, sweet and a bit sassy. They are designed to be quick reads about current small business tax deductions and other tax matters. As such, they might become outdated simply based on time or based on changing tax code. Just like email, the most recent post about a topic is probably the most accurate and current post (we try to alert you that a post supersedes an older post, but life on life's terms gets in the way from time to time).

### September 2019

#### [Deducting Home Office Maintenance](#)

If you spend 5 minutes on Google or 5 hours at cocktail party, you'll find tons of articles on the home office deduction, deducting home office maintenance and the other typical deductions you're entitled too. That's easy. Today we're going to focus on one of the not so common deductions; exterior maintenance. [\[more\]](#)

#### [S Corp Transition Pains](#)

One of the biggest headaches of electing to be taxed as an S Corp is calculating a reasonable shareholder salary. Once you elect S Corp Like King George in Hamilton, "What comes next?" The S Corp transition frankly speaking can be painful. Let's run through some of the transition concerns that we've experienced having done over a thousand S corporation elections in the past decade. [\[more\]](#)

#### [Reasonable Shareholder Salary Using RCREports](#)

One of the biggest headaches of electing to be taxed as an S Corp is calculating a reasonable shareholder salary. Once you elect S Corp status, the IRS requires all shareholders to pay themselves a reasonable officer compensation. [\[more\]](#)

### August 2019

#### [Section 199A Separate Trade or Business](#)

The Section 199A deduction was derived from the Tax Cuts and Job Acts and, thanks to our Congress, is one of the more complicated business tax deductions. One of the pebbles in your shoe is defining a Section 199A separate trade or business. [\[more\]](#)

#### [Real Estate Professional Defined](#)

Why designate myself as a real estate professional? To deduct rental losses that would otherwise be carried forward or to avoid

net investment income tax. [\[more\]](#)

### [Charitable Donations Revisited](#)

Whether you are actively involved in the charity, or it has a special meaning in your heart, we are here to help you understand the tax implications of your charitable donation... 'cause the best deduction is a tax deduction. [\[more\]](#)

### [Avoid the Hobby Loss Rule](#)

We are living in the age of the "side hustle." However, if you don't have a business plan, specifically a documented profit motive, your side hustle could quickly become classified a hobby by the IRS, and that doesn't sound nearly as cool. [\[more\]](#)

## July 2019

None! Sorry we were focused on rolling out our new website in between dirt bike riding and drinking some cocktails. Do you like our new site? The old one was good, but we needed a makeover.

## June 2019

### [Jason Watson Obtains California CPA Licensure](#)

Huh? Many people assumed that since Jason had a last name of Watson, and he worked for Watson CPA Group, that he was a CPA. Nope. Well, not until recently when the CBA issued a California CPA credential to Jason. [\[more\]](#)

## May 2019

### [Why Punish Specified Service Trades or Businesses](#)

Being designated a specified service trade or business, or SSTB for short, for some business owners can appear like punishment. We cry foul, consider some theories and offer a solution. [\[more\]](#)

### [Small Business Accounting Methods](#)

Many business owners ask if they should be cash or accrual when selecting the accounting method within their accounting platform. Most should stick with cash to prevent tax shocks and to keep things simple. [\[more\]](#)

### [Minimize Tax or Maximize Value](#)

As mentioned elsewhere in our website and book, we encourage people to focus on building wealth and if they can save taxes along the way, then that is just icing on the cake. What do we mean here? [\[more\]](#)

### [Employee Ownership Discussions](#)

Exit strategies or succession planning usually consider employee ownership as a strong possibility. No one gets out of this world alive so like it or not, the exit plan should be discussed. [\[more\]](#)

## April 2019

### [Section 199A Final Regulations Deep Dive](#)

On January 18, 2019 the IRS and the Treasury Department released the Section 199A final regulations, including some much needed related guidance for SSTBs and other definitions. [\[more\]](#)

### [History of Watson CPA Group](#)

The history of Watson CPA Group starts off like many CPA firms; work for someone else, create a brand in your basement and eventually build a business. [\[more\]](#)

## March 2019

None. We were busy with tax returns.

## February 2019

### [Home Office Depreciation](#)

The Watson CPA Group and our team of business consultants field a lot of questions about home offices and one of them is home office depreciation. We do not believe home office depreciation is a reimbursable expense given the code, and while others might think so we remain practical in our approach. [\[more\]](#)

### [Section 199A Self-Employed Health Insurance](#)

Section 199A Self-Employed Health Insurance plus two other deductions on a Schedule C reduces qualified net business income for Section 199A calculation. This makes S Corps even more attractive. [\[more\]](#)

## January 2019

### [Section 199A S Corp Benefits](#)

What about combining the Section 199A deduction and S Corp elections to create a combined Section 199A S Corp benefit? The answer is Yes, especially in certain situations. [\[more\]](#)

### [Rental Property: Section 199A Rental Income Safe Harbor](#)

Section 199A offers a 20% deduction for businesses, but are rentals considered a trade or business? The answer is Yes on Section 199A rental income but there are some rules. [\[more\]](#)

### [Section 199A Final Regulations Treasury Decision 107892-18](#)

The Treasury Department and the IRS held a public hearing on the proposed regulations on October 16, 2018, received 335 thought-provoking comments and later issued Section 199A final regulations. [\[more\]](#)

## December 2018

None. We were busy with consults, end of year tax planning and retooling for tax season.

## November 2018

### [2019 Edition of Taxpayer's Comprehensive Guide to LLCs and S Corps](#)

Our **2019** book is built for the small business owner who is wondering about entity structures, late S Corp elections, reasonable shareholder salary, how payroll works, small business tax deductions and retirement options. [\[more\]](#)

## October 2018

### [Section 199A Frequently Asked Questions](#)

The proposed regulations that the IRS drafted and released on August 8 helped clarify some of the issues with Section 199A. We have created a short list of frequently asked questions. [\[more\]](#)

### [Press Release: Stephanie Torgerson Named Payroll Manager](#)

The Watson CPA Group is excited to announce Stephanie Torgerson as our new Payroll Manager. Processing payroll and payroll

services takes a special person. [\[more\]](#)

### [Business Meals Tax Deduction Updated](#)

IRS recently released Notice 2018-76 which essentially restores the business meals tax deduction for small business owners. Another win from the Tax Cuts and Jobs Act. [\[more\]](#)

### [2018: Section 179 Deduction for Business Vehicle](#)

The Section 179 deduction is excellent for equipment, including business vehicles, so buying stuff for your business has never been more tax friendly. [\[more\]](#)

## September 2018

### [Difference Between CPA and Enrolled Agent](#)

The Watson CPA Group employs both Certified Public Accountants and Enrolled Agents. We get the “what is the difference between CPA and EA” question all the time. [\[more\]](#)

### [Updated: Section 199A Qualified Business Income Deduction](#)

On August 8th the IRS published proposed regulations to help better explain the Section 199A Qualified Business Income Deduction including anti-abuse rules. [\[more\]](#)

### [Top Income Earnings By State](#)

Want to know how your income stacks up against your peers in your home state? Here is a list of then top income earnings by state from low to high. There are a few surprises. [\[more\]](#)

### [Maximize Section 199A Deduction](#)

To maximize Section 199A deduction requires balancing reasonable S corp shareholder salary and net business income. The magical number is 27.9%. See examples. [\[more\]](#)

## August 2018

### [Adding Your Spouse to Payroll](#)

We get a lot of calls and emails from business owners who ask about adding their spouse to payroll. There are several reasons where this might make sense, but there are also some pitfalls and things you need to be aware of. [\[more\]](#)

### [Sally Rhoades, CPA, Named Partner at Watson CPA Group](#)

The Watson CPA Group is proud to announce Sally Rhoades, CPA, as our latest partner. As a Colorado Springs CPA, Sally started her career with the Watson CPA Group January 2014 as a tax return preparer. [\[more\]](#)

### [C Corps Remain a Bad Idea for Most Business Owners](#)

Should I revoke S Corp status and go to C Corp? The answer is No. The primary motivation is the seemingly attractive 21% tax rate for C corporations but this is a sucker hole for business owners for two painfully obvious reasons. [\[more\]](#)

## July 2018

### [What is My Tax Home](#)

This is a tricky question... and it is one that a lot of taxpayers are very interested in since your tax home is where you will generally pay taxes and commuting to your tax home is not deductible. [\[more\]](#)

### [Advanced Degrees as Qualified Education Expenses](#)

Two recent tax court cases highlight the difficulty in deducting advanced degrees as qualified education expenses. The rule is quite simple, but the application is quite challenging. [\[more\]](#)

### [Blue Book for Tax Cuts and Jobs Act of 2017](#)

The Joint Committee on Taxation produces a Blue Book following significant tax law, and attempts to clarify vague tax

codification and offers explanations. Why can't the law simply speak for itself? It can... [\[more\]](#)

#### [Sales Tax Update: South Dakota v. Wayfair](#)

Sales tax nexus from the Quill case was defined as physical presence, but with Wayfair, the Court changed this to "substantial nexus." Amazon retailers will be hit hard with sales tax compliance. [\[more\]](#)

#### [Press Release: Sarah Hintz as Tax Manager](#)

The Watson CPA Group is excited to announce Sarah Hintz, CPA as one of our new Tax Managers. She will join the team approximately August 6, 2018. [\[more\]](#)

## June 2018

#### [Press Release: Candace Avis as Tax Manager](#)

The Watson CPA Group is excited to announce Candace Avis, CPA, EA as one of our new Tax Managers. She will join the team approximately August 6, 2018. [\[more\]](#)

#### [Mortgage Interest Deduction Under TCJA](#)

Two big things changed with the Tax Cuts and Jobs Act of 2017 for homeowners. The amount of your property tax deduction and mortgage interest deduction is now limited. Here are the highlights- [\[more\]](#)

## May 2018

#### [Meals and Entertainment After TCJA 2017](#)

Given the new meals and entertainment landscape TCJA of 2017, we believe business owners need to be aware of the possible interpretations of the new rules. [\[more\]](#)

## Archived 2018 Blog Posts