

This Month:

- Don't Miss Out on the 20% Qualified Business Deduction for Rental Activities!
 - Penalty Waiver for Estimated Tax Penalty
 - Delegation is Crucial to Success and Peace of Mind

Don't Miss Out on the 20% Qualified Business Deduction for Rental Activities!



The Tax Cuts and Jobs Act (TCJA) allows for certain businesses to take a deduction equal to 20% of their income! This is applicable to rental real estate activities as long as you meet certain conditions or prove the activity rises to the IRS's definition of a trade or business. To help rental real estate owners determine if their rental activity qualifies for this deduction, the IRS has issued proposed regulations with a safe harbor. To qualify, you must meet the following conditions:

- Separate books/financial reports are maintained for each rental activity,
- 250 hours or more of "rental services" are performed per year for the activity, and
- The taxpayer maintains detailed records, including time reports regarding hours of all services performed, description of all services performed, dates on which such services are performed and who performed the services.

The Service provided some examples of "rental services" that would count towards the 250 hours. These include advertising to rent, negotiating and executing leases, verifying tenant applications, collecting rent, performing daily operation and maintenance, managing the real estate, purchasing materials, and supervising employees and independent contractors.

If you own rental properties, don't miss out on this deduction. Contact us to determine if you qualify.

Penalty Waiver for Estimated Tax Penalty

Good news! The IRS is waiving the estimated tax penalty for many taxpayers whose 2018 federal income tax withholding and estimated tax payments fell short of their total tax liability for the year. The IRS is generally waiving the penalty for any taxpayer who paid at least 85% of their total tax liability during the year through federal income tax withholding, quarterly estimated tax payments or a combination of the two. If you are concerned about the tax payments you made for 2018, give us a call to discuss this waiver.

Delegation is Crucial to Success and Peace of Mind

Owning and managing a business requires time and energy...and honesty, a lot of both! Could your time be better spent by focusing on the tasks requiring only *your* attention and expertise? Many small business owners find it hard to give up control on certain aspects of the business but what are you forfeiting by trying to "do it all"? In our opinion, by delegating some tasks to others, you can regain meaningful time and reduce stress. It's a win-win!

Jenny Blake of the Harvard Business Review suggests six categories of tasks, each beginning with a letter "T", which take too much time and make sense to delegate. She used these measures to help triple the income of her business within three years. Below is a summary of Blake's Six T's:



Tiny: Small tasks can add up and devour your time. Tasks such as booking your plane flight and hotel aren't urgent and can be handled by someone else.

Tedious: Tasks that are simple and straightforward, such as data entry or updating a list of performance indicators from last month's sales results.

Time-consuming: Complex tasks are often important and may require lots of research. Often, you can delegate 80-percent of those time-consuming tasks and then oversee the finality of the project.

Teachable: Tasks which may seem complex can be broken into smaller tasks that become part of a system with integrated checkpoints so that you maintain quality and final approval.

Terrible At: Some tasks are beyond your abilities to complete efficiently and effectively, often leading to inadequate results and wasted time. Hire a professional for those tasks and you will be happier.

Time-sensitive: Some tasks must be completed simultaneously with others. Delegate the tasks which someone else can do, such as waiting on hold with someone on the phone while trying to locate your luggage which was lost at the airport. This frees you up to focus on more important tasks or projects.

With these thoughts in mind, look at your daily routine and tasks. There are some things which you, and only you, can do. But for everything else, delegate them to someone else!

© 2019 Padgett Business Services

PADGETT BUSINESS SERVICES® is dedicated to meeting the compliance, profit & financial government reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter. **Planning For Your Dreams**