

Welcome to the August edition of “**The CFO Advisor!**” I hope you are having an enjoyable summer!

“Hello, this is the IRS” are the words that might be at the other end of a telephone line that is a complete scam! The next article in the newsletter focuses on these IRS scams and how to stay protected.

This month’s “Tax Corner” features an article that defines the type of employees to hire for a business and the way to pay them that will be most beneficial.

The newsletter continues with some topics that may shock you: like the number of iPhone users in the country, how to overcome the feeling of “loneliness” that many experience, and finally tips that will bring you more success.

Enjoy this month’s edition!

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How Do You Know If It Is Really The IRS Calling?

Telephone scams have been on the “Dirty Dozen” list of the IRS for some time now. The following adage is true, where there is a will, there is a way, and each year unscrupulous individuals seem to find ways to use telephone and other scams to bilk unsuspecting individuals out of thousands and thousands of dollars. So, how do the scammers pull this off? To make it easier for you to understand, I will break things down in story form. Every story consists of five essential elements, the characters, the setting, the plot, the conflict, and the resolution.

Characters: The criminals (scammers) and the taxpayer.

Setting: For the scammer, the person is likely calling from a boiler room type setting, possibly located on the other side of the world. For you, the scammer randomly calls you on your home or cell phone.

Plot: Somehow criminals get a hold of your telephone number, and maybe other personal information, such as your address, and social security number. He or she calls the taxpayer, pretending to be an agent from the IRS from a number that may possibly show up on the caller ID as being an IRS number. During the call, the scammers will be aggressive and threatening. Informing the taxpayer that they owe money to the IRS, demanding immediate payment. They will typically request that the payment be made by a specific method, such as using a prepaid debit card. The threat is that if the payment

isn’t made immediately, the taxpayer will be arrested or be sued by the IRS. For some, the mere mention of the IRS is threatening enough. The thought of being arrested or sued by the IRS adds an intensified level of fear for most people,

especially elderly people, who are seemingly the niche target for these scammers.

Conflict: For the scammer, the conflict is whether his or her tactics will be convincing enough to scare the taxpayer into paying the amount of money they are requesting. For the taxpayer, the conflict is determining whether the call is legitimate or not.

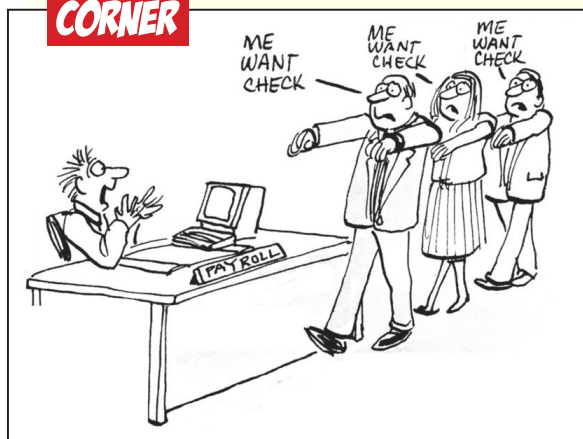


Resolution: For the scammer, if his or her tactics are convincing enough, the taxpayer will follow the instructions of the caller and pay the amount being requested. For the taxpayer, the resolution would be to do their due diligence and contact the IRS directly by calling 1-800-829-1040 (IRS Customer Service) or to request your tax account transcripts to find out if you owe any taxes. Tax Account and other transcripts can be requested online, via telephone, or by mail. To request the transcripts online: <https://www.irs.gov/individuals/get-transcript>, to request by phone: 800-908-9946, and to request by mail, use the Form 4506-T: <https://www.irs.gov/pub/irs-pdf/f4506t.pdf>. You should know if you owe taxes or not. If you know that you don’t owe taxes and receive one of these calls, then that call is a scam. Don’t

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TAX CORNER

4 TYPES OF EMPLOYEES AND HOW TO PAY THEM



The IRS Schedule C (Form 1040), which is titled Profit or Loss from Business is mainly used by self-employed individuals (i.e. sole proprietors/independent contractors). The Schedule C form is used to report profit or loss from a business operated by a sole proprietor. Any activity qualifies as a business if the primary purpose for engaging in the activity is to generate income or a profit and the activity is engaged in with continuity and regularity. The Schedule C form can also be used by Statutory Employees. By statute, for certain employment tax purposes, some independent contractors can be classified as employees if they fall within four categories and meet certain conditions relating to social security and Medicare taxes.

The four categories are as follows;

1. A driver who distributes beverages (other than milk) or meat, vegetable, fruit, or bakery products; or who picks up and delivers laundry or dry cleaning, if the driver is your agent or is paid on commission.
2. A full-time life insurance sales agent whose principal business activity is selling life insurance or annuity contracts, or both, primarily for one life insurance company.

3. An individual who works at home on materials or goods that you supply and that must be returned to you or to a person you name, if you also furnish specifications for the work to be done.

4. A full-time traveling or city salesperson who works on your behalf and turns in orders to you from wholesalers, retailers, contractors, or operators of hotels, restaurants, or similar establishments. The goods sold must be merchandise for resale or supplies for use in the buyer's business operation. The work performed must be the salesperson's principal business activity.

For the typical self-employed individual (generally sole proprietors/independent contractors), social security and Medicare taxes are not withheld. These taxes are paid by the independent contractor in the form of self-employment taxes. For statutory employees, this is not the case. If the following conditions apply, an employer should withhold social security and Medicare taxes from the wages of the statutory employee.

The service contract states or implies that substantially all the services are to be performed personally by them.

They do not have a substantial investment in the equipment and property used to perform the services (other than an investment in transportation facilities).

The services are performed on a continuing basis for the same payer.

If paid more than \$600 during the year by the same payer, Schedule C filers generally will receive the Form 1099-MISC unless they are classified as a statutory employee and statutory employees receive the Form W-2.



provide any personal information and hang up immediately. Some scammers are persistent and may call back a few times. If they do call back, simply hang up. Eventually they will get tired of calling you and move on to the next unsuspecting individual.

Note that the IRS does not do the following:

- Demand immediate payment;
- Call you prior to sending you a bill first;
- Demand that you pay taxes without giving you the opportunity to question or appeal the amount they say that you owe;
- Require a specific payment method such as a random debit or other prepaid type of card;
- Ask you for your social security number, credit or debit card information over the telephone; or
- Threaten to have you arrested or bring other court action against you.

If you receive a call that you suspect to be a scam, take down the telephone number, and contact TIGTA to report the call. Use the IRS Impersonation Scam Reporting webpage, or you can call 800-366-4484. You can also report the call to the Federal Trade Commission. Use the FTC Complaint Assistant on FTC.gov. Add the words "IRS Telephone Scam" in the notes. Do your due diligence and hopefully you will not fall victim to telephone, or any other type of scams. ♦

Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.



Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business. If you have a question, tip or idea, please call me at 352-450-2880 or email me at dwright@dlhulseconsulting.com. Perhaps I'll feature you in a future issue!

Avoid These Errors When Making Decisions

Even the smartest workers make dumb decisions from time to time. You can avoid them — well, most of them — by paying attention to these two classic decision-making mistakes:



- **Applying the wrong experience.** Sometimes a situation seems to resemble a past problem. If the resemblance is only superficial, repeating your solution will lead to more problems. Analyze each situation independently; adapt what's worked in the past to fit the unique circumstances of the current situation.
- **Not considering personal conflicts.** You may favor a particular solution that benefits your own interests and be unaware of what you're doing. It's not necessarily fraudulent or dishonest — you may seek to protect your own employees, for example, but at the expense of another department. Get unbiased opinions from a range of people to be sure you're not following unconscious preferences.

A Reminder To Be Kinder

Two friends were out in a rowboat when it overturned. Luckily, two young women were nearby in another boat and came to their aid.



Unfortunately, the women had neither a radio nor a motor on their boat. They were a long way from shore, and the two young men needed medical attention. The young women screamed for help at each passing motorboat on the waterway. Their pleas were ignored by many. By the time they were finally able to secure help, one of the young men had perished from his injuries. This was the story Lorraine Jara read in her local paper one day, more than 30 years ago.

Though Jara did not know any of the young people involved in this tragedy, it touched her so deeply that she had to do something. In 1988, Jara created Be Kind to Human Kind Week, August 25–31.

The smallest act of kindness can have a significant impact on a person's life. Knowing this, what will you do to make the world a better place for humanity?



iPhones Top Among Teens

All the cool kids have iPhones, according to an article on the USA Today website — or at least most of them do. Citing a survey by Piper Jaffray, USA Today reports that 81% of teenagers own the Apple devices, despite the fact that they're more expensive than other smartphones. The average age of teen iPhone users is 16.4, and more than 84% of them expect their next phone to be an iPhone as well. Teens are also growing their interest in the Apple Watch. Piper Jaffray's survey found that 20% plan to buy one in the next six months, up from 17% in 2017.

Don't Let Loneliness Consume Your Life

Long-term loneliness can have a significant impact on your health and mental well-being, experts say. If you feel lonely, try these suggestions from the CNN website for making connections:

- **Chat with cashiers and other workers.** You don't have to engage in a lengthy conversation. Just ask, "How's it going?" or, "Nice weather, isn't it?" Even a short interaction can bring a smile to other people's faces and yours.
- **Learn to enjoy your own company.** Being alone doesn't have to be lonely. Try meditation, yoga, or listening to TED talks to take your mind off your loneliness. Try keeping a "gratitude journal," listing and writing about the people and things you encounter each day that make you cheerful.
- **Take your time making friends.** Remember that most friendships don't spring up overnight. Join clubs or take classes to meet people, but don't expect an instant connection. Let relationships develop naturally instead of trying to force them.
- **Understand why you're lonely.** You may be nervous talking in groups or gun-shy because of past relationships that didn't work out. If you uncover the source of your loneliness — on your own or with the help of a therapist — you'll be able to develop strategies for getting past it.



Quotes:



"A good example is far better than a good precept." — **Dwight L. Moody**

"A smile is a curve that sets everything straight." — **Phyllis Diller**

"A good laugh is a mighty good thing, a rather too scarce a good thing." — **Herman Melville**

"Carve your name on hearts, not tombstones. A legacy is etched into the minds of the others and the stories they share about you. What will you leave behind?" — **Shannon L. Alder**

"Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe." — **Gail Devers**





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Follow This Advice For Sustained Success

You can't take survival for granted in today's business environment. Short-term survival is only a starting point, though — your job is to ensure long-term growth. Here are a few tactics that will support your efforts:

- **Target opportunities for change.** Successful leaders don't wait until change is forced upon them. Follow developing trends and new ideas so you can move quickly when you spot an opportunity.
- **Think big.** "Global" is the buzzword at a lot of organizations, and it can apply to yours even if you're not a multinational firm. Just look for new ways to add value to what you do for customers, the

community, and your own workforce. Look at your organization from an outsider's perspective to see what's possible.

• **Protect your brand.** Your image in the community is one of your most important assets. Make sure your workforce understands how the organization is viewed, and what kind of impact they have on it — a single online comment, for example, can erupt in controversy. Make decisions with your organization's reputation at the top of your mind — what will a particular action mean to the people who depend on your organization?

• **Hire the best people.** "Best" doesn't necessarily mean the most technically proficient. When choosing between candidates, look for people who will fit into your organization's culture and whose talents and skills will mesh with your needs. If customer service is a priority, look for employees with strong interpersonal skills, for example. Your reputation rests on the people who represent you.



Restfulness Is The Secret To A Good Memory

One key to success is your memory.

Being able pick up and remember the fine details of what you've learned can help you move forward quickly.

What's the best strategy for using your memory effectively? Sleep.

As an article on the Medical News Today website explains, sleep is essential for consolidating memories. Insufficient or poor sleep makes the synapses in your brain less effective, which interferes with your ability to learn new information. More than that, recent studies suggest that taking a quick nap, or even just resting quietly for 10 minutes or so, can help new information settle into your memory so you can access it more readily later.

After a training session or an important conversation, take a few minutes to sit back, close your eyes, and think of nothing. Even if you don't fall asleep, you'll have a better grasp of the information when you go back to work.

