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**TALK TO US  
ABOUT YOUR  
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NEEDS**

Streamline your payroll with our web-based, hassle-free payroll system. Direct deposit and electronic filing included. Call Neil or Cynthia for more information.

## **HURRICANE SEASON: SAFEGUARD YOUR TAX RECORDS**

With the 2010 hurricane season now under way, safeguard your important personal and business records by taking a few simple steps.

**Keep a copy of important records in a safe place away from the originals.** Take advantage of the electronic statements and online records provided by banks, insurance companies and other institutions, to streamline your backup system. Electronic records and scanned original documents, can be downloaded to an external hard drive or a data disc. These small storage devices can easily be stored in a safe deposit box or some other secure place away from your home or business.

You can also consider online backup to ensure your data is fully protected. Online backup services store your files in another region of the country, so if a hurricane or other natural disaster occurs, documents remain safe.

**Document valuables.** Photograph or videotape the contents of your home or business, especially items of higher value. A photographic record can help prove the market value of items for insurance and casualty loss claims. Digital photos or video can be stored on the same electronic medium as your documents. Actual photos or videotape should be stored with a friend or family member who lives outside the area.

**Update emergency plans.** Emergency plans should be reviewed annually. Personal and business situations change over time, as do preparedness needs. When employers hire new employees or when a company or organization changes functions, plans should be updated accordingly and employees should be informed of the changes.

**Check on fiduciary bonds.** Employers who use payroll service providers should ask the provider if it has a fiduciary bond in place. The bond could protect the employer in the event of default by the payroll service provider.

**We're here to help.** If disaster strikes, call us right away. We can help you get back copies of tax returns and all attachments, including Forms W-2.



## TAX TIPS FOR STUDENTS WITH A SUMMER JOB

If your son or daughter has a summer job, they may have to pay taxes on summer income. For any job that receives a paycheck, the employer should have your child complete a Form W-4, Employee's Withholding Allowance Certificate, when starting the new job. If you are not sure how much withholding your child should request, please give us a call.

For restaurant & hotel workers, or other jobs where tips are received, all tip income is subject to federal income tax.

Many young people do odd jobs such as babysitting or lawnmowing and yard work over the summer to make extra cash. The IRS considers these earnings to be self employment and subject to income tax. If your child's earnings from these jobs net \$400 or more, the IRS may also require payment of self-employment tax on this income.

Food and lodging allowances paid to ROTC students participating in advanced training are not taxable. However, active duty pay, such as pay received during summer advanced camp, is taxable.

If your child is over 18 and worked as a newspaper carrier or distributor, the IRS may consider him self-employed. Please discuss his job and wage structure with us, so we can help you determine his status. Generally, newspaper carriers or distributors under age 18 are not subject to self-employment tax.

If you have any questions or concerns about tax planning for your child's employment, please give us a call.

This publication is not intended to be financial or tax advice, but is intended only to inform the reader of recent developments. If you require financial or tax advice on a particular matter, please contact us directly at (401) 738-2900, or email [info@fradincpa.com](mailto:info@fradincpa.com)



## SUMMERTIME CHILD CARE EXPENSES MAY QUALIFY FOR A TAX CREDIT

Your summer camp and day care expenses may qualify for an income tax credit. If you need summer child care for children under 13 because you work or are looking for work, these expenses may help you get a credit on next year's return.

Day camp costs may count as an expense towards the credit, but **overnight camp expenses do not qualify**. If your childcare provider is a sitter in your home or a daycare facility, you'll get some tax back if you qualify for the credit. Depending on your income, the credit can be up to 35% of your qualifying expenses (Qualifying expenses are child care costs which are not reimbursed by your employer).

The child and dependent care deduction also applies to year round work-related child care, and to some adult care expenses as well, such as day care for an elderly or disabled family member who is your dependent.

Be sure to document these expenses to support your claim of credit. If you have any questions about your child care expenses and the Child and Dependent Care Credit, please give us a call.

A publication of  
**Fradin & Company,  
Ltd.**  
1000 Greenwich Ave  
Warwick, RI 02886  
401.738.2900  
[www.fradincpa.com](http://www.fradincpa.com)  
[info@fradincpa.com](mailto:info@fradincpa.com)