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April 2019

This month:

April 15:

- Individual tax returns due
- C corporation tax returns due
- First-quarter 2019 estimated tax due

Other April 15 Deadlines:

- Six-month filing extension
- 2018 gift taxes
- 2018 IRA contributions
- 2018 HSA contributions



Leasing vs. Buying a Car

Knowing the tricks makes you a better decision-maker

Don't Leave Your Business Exposed





There are many reasons for you to lease a car versus buy a car, but too often it is the auto dealer's profit motive that determines which method you use rather than what's best for your budget and lifestyle. To help you make an informed decision, here are some things to consider:

When to lease

- You want a car with lower down payments and monthly costs.
- You don't like making your own vehicle repairs.
- You prefer a new car every couple of years.
- You don't drive many miles each year.
- You are not hard on your vehicle.

When to buy

- You plan to have the vehicle for many years.
- You are willing to drive a used car.
- You drive more miles than a lease allows.
- You are worried about keeping the car in excellent condition.
- You want to work on or modify the car.

Tips to know if you decide to lease

If you think leasing a vehicle is an option for you, here are some tips to ensure you are making the best deal:

- **Negotiate before revealing your intentions.** Negotiate the price before telling the dealer you wish to lease. The purchase price you negotiate should be the price the dealer uses in calculating the lease payments as well as an outright purchase. If it is not, this technique forces the dealer to disclose this fact.
- **Ask about the annual percentage rate (APR).** Ask the dealer to disclose the effective APR built into the lease. If the dealer gives you a lease factor instead of an interest rate, multiply the lease factor by 2,400 to get a general interest rate. For example, a lease factor of 0.0025 multiplied by 2,400 returns an interest rate of 6 percent.
- **Question the residual value.** Ask what the projected residual value of the car is at the end of the lease. This value is often overstated by the dealer to artificially lower your lease payment, but can impact your ability to purchase your vehicle at the end of the lease. Future residual value is an estimate and can often be negotiated with the dealer.

5 Insurance Tips to Protect Your Assets and Your Bank Account

Have you conducted a business insurance review lately? Changes in your business equipment, real estate holdings, the amount of inventory, and the number of employees are all good reasons to review your insurance. Here are a few policy review tips to consider:

1. **Keep in regular contact with your insurance company.** Keep your insurance agent apprised of what you are doing in your business. Try to meet with your agent throughout the year, and conduct a detailed annual review of your insurance needs.
2. **Understand how business changes affect your policy.** Figure out how your policy covers common changes, as well as other changes you know are happening soon. This involves understanding the limits and terms of your policy. You can start by asking if you're properly insured for property damage, liability coverage, health and disability, and life insurance.
3. **Conduct a competitive review.** Periodically conduct a competitive review of your insurance needs. Bring in at least two other insurance providers, as well as your current provider. The frequency of the review will be driven by changes in your business, the stability of your current insurance provider, and the need to understand the evolving landscape of business liabilities. A review will keep your premiums competitive, as well as help you learn about coverage holes in your current policy.
4. **Identify evolving coverage risks.** As the business climate evolves, so should your insurance coverage. Think about what's on the

- **Compare with a loan.** Use the negotiated purchase price to calculate your loan payments. Use this information to compare your monthly lease payment with your car loan payment.
- **Read the lease agreement!** If ever there is a time to read the fine print, leasing a car is one of them. Pay special attention to early termination clauses and cost for excess miles. These two factors can dramatically impact your lease versus buy decision.



Tax Day is Here!

5 Big Questions People Are Asking

The individual tax deadline of April 15 is fast approaching. Do you have all your tax arrangements in order? Here are five important questions that people are asking.

1. **What happens if I don't file on time?** There's no penalty for filing a late tax return after the deadline if you are set to receive a refund. However, penalties and interest are due if taxes are not filed on time or a tax extension is not requested AND you owe tax. To avoid this problem, file your taxes as soon as you can because the penalties can pile up pretty quickly. The failure-to-file penalty is 5 percent of the unpaid tax added for each month (or part of a month) that a tax return is late.
2. **Can I file for an extension?** If you are not on track to complete your tax return by April 15, you can file an extension to give you until Oct. 15 to file your tax return. Be aware that it is only an extension of time to file - not an extension of time to pay taxes you owe. You still need to pay all taxes by April 15 to avoid penalties and interest. So even if you plan to file an extension, a preliminary review of your tax documents is necessary to determine whether or not you need to make a payment when the extension is filed.
3. **What are my tax payment options?** You have many options to pay your income tax. You can mail a check, pay directly from a bank account with IRS direct pay, pay with a debit or credit card (for a fee), or apply online for an IRS payment plan. No matter how you pay your tax bill,

horizon. Who would have anticipated the need to cover cyber attacks and identity theft 10 years ago?

5. Review safety plans and company policies.

This goes hand-in-hand with a business insurance review. Make sure your team is adhering to established employment and operations policies. Getting an insurance claim approved and maintaining reasonable premiums often depend on specific factors you can reinforce through these policies.

Finding the right level of coverage for the right price is possible, but it takes some preparation and planning. Invest some time now to review your insurance policies to save a lot of potential pain and money down the road.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

finalize tax payment arrangements by the end of the day on April 15.

4. **When will I get my refund?**

According to the IRS, 90 percent of refunds for e-filed returns are processed in less than 21 days. Paper filed returns will take longer. 24 hours after you receive your e-file confirmation (or 4 weeks after you mail a paper tax return), you can use the [Where's My Refund?](#) feature on the IRS website to see the status of your refund.

5. **Oops, I forgot a tax document. Now what?**

The first thing to do is determine the impact the new information has on your filed return. For example, if you claim the standard deduction and then receive a mortgage interest statement that does not bring your expenses above the deduction threshold, there's nothing more you need to do. Simply file the statement with your other tax documents. If, on the other hand, you receive something like a Form 1099 with additional income, you will need to amend the tax return to claim the income. In cases like this, please call in order to review your situation and the timing of the correction.

EXCITING COUTO DEFRANCO NEWS:



Six consecutive years! Nelson Couto and Anthony DeFranco have been chosen as FIVE STAR Wealth Managers for the sixth consecutive year!

Nelson Couto, CPA, CFP®, and Anthony DeFranco, CPA, CFP®, MS (Taxation) of Couto DeFranco, P.A. have been named as 2019 Five Star Wealth Managers and will be featured in the Wall Street Journal, February 27th issue.

Out of the 6,097 wealth managers in New Jersey who were seriously considered for the award, 477 were named. This is their sixth time winning this prestigious award. Nelson and Anthony were previous recipients of the award beginning in 2013.

"We are thrilled to be chosen as a Five Star Wealth Manager by New Jersey Monthly, and extremely proud that the work we have done for our clients has been recognized," says Anthony DeFranco.

Couto and DeFranco are regarded as leaders in the field of wealth management. They combine their knowledge of financial services with over 25 years as CPAs, helping their clients with their wealth management and tax planning needs, along with assisting them with their financial goals and aspirations.

They believe the best way to help clients reach their financial goals is simple: to listen. "It is important to listen to where they are today and where they want to be tomorrow," says Nelson Couto. The partners feel that clients are paying them for their knowledge—both as NJ Certified Public Accountants and as Certified Financial Planner™ professionals—so it is their responsibility to develop a financial strategy that is sound, objective and honest. This model has been their secret to success.

Nelson Couto and Anthony DeFranco, established the NJ CPA firm of Couto DeFranco, P.A. in 1992 and are located in West Orange, N.J. The firm serves individuals, businesses, estates and trusts. For more information on their full suite of accounting, wealth management, tax preparation and planning services, please call 973-325-3370 or visit the company's website at <http://www.accountants-nj.com>

