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Forward

**February 2025**

Some people avoid filing their tax return as long as possible because, well, anything dealing with taxes just isn't fun. Other people don't file right away because they know they owe a lot...and want to postpone making that big payment.

In this month's newsletter, read about several reasons why it might actually make sense to file your tax return early. Also learn what to do if you get a tax document with incorrect information.

Also in this edition are several fire survival tips and some ideas for how teenagers can keep down the cost of their future college tuition. Please pass this information on to anyone that may find it useful and call if you have any questions or concerns.



When to Consider Filing Early

The tax filing season for 2024 tax returns is now officially open per the IRS. So when is the best time to file your tax return? Sometimes it makes sense to delay filing as long as possible, but on other occasions an early filing of your return makes more sense. Here are some of the more common reasons to get your return done as soon as possible.

- To get your refund. There's no reason to let the government hold onto your funds interest-free, so if you think a large return is coming your way, file as soon as possible. While legislation delays receiving refunds for tax returns claiming the Earned Income Tax Credit and the Additional Child Tax Credit until after February 15th, the sooner your tax return is in the queue, the sooner you will receive your refund.

- To minimize fraud risk. Once you file your tax return, the window of opportunity for tax identity thieves closes. These thieves work early during the tax filing season because your paycheck's tax withholdings are still in the hands of the IRS. If thieves can file a tax return before you do



Upcoming dates:

February 17

- Presidents' Day

Reminders

- Organize filing records (1099s, 1098s, W-2s, etc.)
- Schedule tax appointment for drop off or meeting
- Begin tax planning for 2025

Help! My tax form is wrong!



using your Social Security number, they may be able to steal these withholdings via a refund that should have gone to you!

- To avoid a dependent dispute. One of the most common reasons an e-filed return is rejected is when you submit a dependent's Social Security number that has already been used by someone else. If you think there is a chance an ex-spouse may do this, you should file as early as possible.

- To deliver your return to someone who needs it. If you are planning to buy a house or anticipate any other transaction that will require proof of income, you may wish to file early. This is especially important if you are self-employed. You can then make your filed tax return available to your bank or other financial institution.

- To beat the rush. As the April 15th tax filing deadline approaches, the ability to get help becomes more difficult. So get your documentation together and schedule a time to get your tax return filed as soon as you can. It can be a relief to have this annual task in the rearview mirror.

Whatever your situation, ensure your filing experience is a planned event. The closer to the filing date, the more stressful your experience could become. So plan accordingly!

Simple Ideas to Help Your Small Business



Here are several ideas to help your business grow and thrive this year.

- Understand your cash flow. One of the biggest causes of business failure is lack of understanding cash flow. At

You may receive a tax document with incorrect information. You may also discover that a tax form you're expecting was never delivered.

Here are several situations you may encounter with incorrect information and what you can do about it.

- Situation: You receive a tax document with wrong personal information, such as an incorrect Social Security number.

- What you can do: *Immediately contact the company that sent you the tax document and ask that the information be corrected. If it's your Form W-2 with wrong information, ask your employer for a corrected W-2 (Form W-2C, Corrected Wage and Tax Statement).*

- Situation: You disagree with the amount of wages or income reported on a tax form.

- What you can do: *Contact your employer and ask for a corrected W-2 (Form W-2C, Corrected Wage and Tax Statement). If you do not receive the corrected W-2, you should report the incorrect amount as noted on the W-2 to avoid an IRS correspondence audit AND then correct the amount on your tax return.*

This is especially important because if the W-2 information is not corrected, you will not get Social Security credit for any missing wages you earned. If this happens to you, make sure your employee record is corrected as soon as possible.

- Situation: The business that issued your tax document went out of business and you can't locate the owner.

the end of the day, you need enough cash to pay your vendors and your employees. If you run a seasonal business you understand this challenge. The high season sales harvest needs to be ample enough to support you during the slow, non-seasonal periods.

Recommendation: *Create a 12-month rolling forecast of revenue and expenses to help understand your cash needs.*

- Know your pressure points. When looking at your business, there are a few big items that drive your business success. Do you know the top four drivers of your financial success or failure? By staying focused on the key drivers of your business, success will be easier to manage.

Recommendation: *Look at your most recent tax return and identify the key financial drivers of your business. Do the same thing with your day-to-day operations and staffing.*

- Inventory matters. If your business sells physical products, you need a good inventory management system. This system doesn't have to be complex, it just needs to help you keep control of your inventory. Cash turned into inventory that becomes stuck as inventory can create a major cash flow problem.

Recommendation: *Develop an inventory system with periodic counts to ensure you do not have shrink or theft issues. These periodic counts can help identify when you need to take action to liquidate old inventory.*

- Know your customers. Who are your current customers? Are there enough of them? Where can you get more of them? How loyal are they? Are they happy? Several large customers can drive your company's growth or create tremendous risk should they take their business to a competitor.

Recommendation: *Know who your target audience is and then cater your business toward them and what they are looking for in your offerings.*

- What you can do: *You are required to report all your income, whether or not you receive information forms (W-2s or 1099s) from the parties who paid you. You'll have to reconstruct your income and income tax withholding based on your paycheck stubs or other documents.*

Make sure your income is also properly reported on your account with the Social Security Administration, as your future benefits could be negatively impacted if they aren't properly reported by your employer. According to the IRS, you should contact the IRS and a representative will record a W-2 complaint on your behalf.

- Situation: You never receive a tax document that you were expecting.

- What you can do: *If you don't receive a Form W-2 or Form 1099-R (for retirement distributions) by the end of February, you can call the IRS at 800-829-1040 for assistance. Be sure to have your employer's name and address, along with your name, address and Social Security number, before calling.*

- Situation: You receive a missing or corrected tax document after filing your return.

- What you can do: *You may need to file an amended tax return to include the missing tax document or if the dollar amount on the corrected tax document is significantly different from what you reported on your tax return.*

- Know your point of difference.

Once you know who your target customer is, understand why they buy your product or service. What makes you different from other businesses selling a similar item?

Recommendation: *If you don't know what makes your business better than others, ask your key customers. They will tell you. Then take advantage of this information to find new customers.*

- Develop a great support team.

Successful small business owners know they cannot do it all themselves. Do you have a good group of support professionals helping you? You need accounting, tax, legal, insurance, and employment help, along with your traditional suppliers.

Recommendation: *Conduct an annual review of your resources. Be prepared to review your suppliers and make improvements where necessary.*

Sometimes focusing on a few basic ideas can help improve your business's outlook. Please call if you wish to discuss your situation.



Aiming for Financial Goals as a Couple

Financial goals make it possible for you and your partner to work toward achieving your dreams. Here are several action items to create – and achieve – financial goals as a couple:

Remember that when you receive these informational tax forms to immediately review them for accuracy. The best way to get them corrected is early detection.



High School Students! Here's How You Can Make College More Affordable

With the cost of college rising rapidly, it can be overwhelming to think about how to pay your way through school for either yourself or your kids.

Fortunately, saving hundreds, or even thousands, is possible. Teenagers can help keep down the cost of their future college tuition by taking the following classes and exams while in high school:

- Advanced Placement (AP) classes and exams provide the opportunity for high school students to take college-level classes at their high school and an exam at the end of the school year. Many colleges will accept AP credits as placement and/or college credit. Most will accept a passing grade of 3, but some universities may require a score of 4 or 5 to earn college

- Start talking sooner rather than later. Finances can be hard to talk about. People sometimes feel guilty about debt or ashamed that they don't make more money. More than that, many people consider money to be a private thing that shouldn't be discussed with others.

However, the first step to setting financial goals as a couple is to start talking. And the sooner you start talking with your partner, the better prepared you'll be to make positive financial decisions. Saving for a big purchase, for example, takes time and planning. Having a discussion early on gives you more time to start saving.

- Agree on your goals. Once you're talking about your finances, you'll want to agree on your goals. Would you like to pay off your credit card debt? Save for a big family vacation? Have more of a financial safety net?

After you've agreed on what you'd like to achieve, start talking about how you'll work together to achieve it. The best financial plans require both partners to contribute to the financial goal – whether that means each agreeing to contribute monthly to a savings account or cutting back on personal spending.

- Keep the conversation going. Plans need maintenance to succeed. That means continuing to talk about them, and checking progress on a regular basis. It's important for both partners to know all the numbers, even if one partner is the primary manager of the finances.

Scheduling a regular financial conversation is one way to keep you and your partner on track to achieving your goals. This financial date night is a good way to ensure that things are proceeding as planned. It's an opportunity to check in and adjust the numbers accordingly.

With open communication and commitment from both partners, you'll be well on your way to reaching your financial goals.

credit. (AP exam scores range from 1 to 5.)

- College Level Examination Program (CLEP) tests also offer the opportunity to earn college credit by passing an exam. However, instead of taking a class, you must study on your own and schedule an exam at a testing center when you're ready. CLEP exams receive a score between 20 and 80. A score of 50 is typically the passing score to obtain college credit, but each university sets its own requirement. It is important to note that while many colleges accept CLEP credits, some top schools do not.

- Dual enrollment classes allow high school students to take college courses at a local college or university and earn both high school and college credit. You must be a high school junior or senior to qualify for the program. Dual enrollment credits are widely transferable.

Cost of Exams and Potential Savings

- AP exams cost around \$100, while CLEP tests cost \$93 plus an additional administrative fee while dual enrollment programs pay for tuition, fees and books.

- According to the College Board, the average cost of a 3-credit class at a four-year college ranges from \$1,200 to \$4,500, meaning for each 3-credit class you test out of, you save hundreds—potentially thousands—of dollars!

Additionally, earning college credit in high school can

enable you to finish college in less than four years. Just make sure that when you're choosing a college, you pay attention to whether or not the schools accept AP and/or CLEP exam scores as credit.

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



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