

BOTTOM LINE



CPAs & Business Advisers

Big Rapids | Fremont | Grand Rapids | Hart
Cascade | Mount Pleasant | Muskegon | Rockford

WORKFORCE

Opportunity Wage Act

On September 1, 2014, the legislature passed what they called the "Workforce Opportunity Wage Act," raising the minimum wage to \$8.15 and increasing each year beginning in 2016 as follows:

January 1, 2016	\$8.50
January 1, 2017	\$8.90
January 1, 2018	\$9.25

But there's more to it than simple increases each year...

Every January, beginning in 2019, the state treasurer will adjust the minimum wage by an amount (not to exceed 3.5%) determined by the state treasurer at the end of the preceding calendar year to reflect the average annual percentage change in the CPI (Consumer Price Index) for the most recent 5-year period for which data is available.

An increase will not take effect if the unemployment rate determined by the Bureau of Labor Statistics for the state is 8.5% or greater for the year preceding the year of the prescribed increase.

For tipped employees – the minimum tipped wage will be 38% of the minimum wage established by this law. (Example: $8.15 \times 38\% = \$3.10$)

Minors 16 and 17 years old may be paid 85% of the minimum wage, but because that would be less than the federal minimum wage of \$7.25, employees must be paid at least \$7.25 until January 1, 2017 when the rate would be \$7.57 which is 85% of \$8.90 (unless the federal minimum wage goes up in the meantime).

A training wage of \$4.25 per hour may be paid to employees 16-19 years of age for the first 90 days of employment.

The act does not apply to the following:

- An employee employed by an amusement or recreational establishment, if the establishment does not operate for more than 7 months in a calendar year.
- An employee employed in agriculture, including farming in all its branches.
- An individual who holds a public elective office.
- An employee in a bona fide executive, administrative, or professional capacity.

For more information, please contact your H&S team.

USE TAX Exemption **DENIED** **Without Proof of Sales Tax Payment**



As a result of a Michigan Supreme Court decision in June of 2014, Michigan taxpayers must now

prove that sales tax was due AND paid on tangible personal property purchased from Michigan vendors. If sales tax is no longer listed as a separate item on your invoice, you can no longer assume that sales tax was paid by the seller. Thus, Michigan businesses, as well as individuals, may have significant unknown use tax liabilities for purchases that were subject to sales tax, but where the actual sales tax remittance cannot be proven.

To avoid use tax assessments made by the

State of Michigan for the last four years, Michigan businesses and individuals should:

1. Review all purchases made from Michigan vendors to determine if sales tax was paid by the seller on all taxable purchases.
2. In the event sales tax was not paid by a Michigan vendor, contact the seller immediately and document whether sales tax will be paid by the seller.
3. If you cannot prove that the seller paid sales tax on your purchase, the Michigan Department of Treasury is asking that you should contact them to report your outstanding use tax

liability. Penalties will be waived if you voluntarily come forward, disclose, and pay your use tax liability.

In addition to the items noted above, all Michigan businesses should confirm that they are registered for Michigan use tax. By registering for use tax, your business will avoid being assessed penalties for the failure to register for Michigan taxes.

For more information on how the latest Michigan Supreme Court decision affects you or your business, or for assistance on registering your business for use tax, *please contact your H&S tax professional.*



retirement

Defined Benefit Pension Plan

These days, Americans super-size everything from burgers and fries to the vehicles we drive, so how about supersizing the most important thing you can do to provide for happy years ahead – your retirement plan! There is there a way to put money away for your retirement and get a larger tax deduction beyond what your defined contribution plan is giving you, let us tell you how.

Do you want to put more away for your retirement, but you are finding that your company's 401(k) plan is limiting your contributions?

There is a solution for you. And it's legal. It's called a defined benefit pension plan.

Although they are becoming a rarity, defined benefit plans continue to be established today and are giving businesses large tax deductions and employees larger benefits.

Defined benefit plans provide a fixed benefit for business owners and their employees at retirement. The benefit can be paid out over time or as a lump sum payment.

Businesses can generally contribute and deduct more each

year than in defined contribution plans. And defined benefit plans can be designed to give business owners the lion's share of plan benefits. Utilizing a defined benefit plan in conjunction with other retirement plans, small business owners can currently stow away more than \$100,000 for retirement. Without the defined benefit plan feature, a typical small business owner can only defer less than a half of that.

Businesses of any size can establish a defined benefit plan. Even sole proprietors with no employees are eligible. Further, businesses can add a defined benefit plan that can work with their existing defined contribution 401(k) plans.

Defined benefit plans are often viewed as too complex and more costly to establish and maintain than other types of retirement plans. Luckily, these plans are now much less costly than they used to be! And, that's where H&S comes in - we have the experience to walk you through establishing a plan.

Call H&S today if you'd like to supersize your tax deduction and retirement.

Mobile Device Management

Bring Your Own Device (BYOD) has become one of the most popular trends in IT. BYOD allows employees access to company resources, such as email, from their personal smartphone or tablet. It offers many advantages, including increased productivity, employee satisfaction, and cost savings for the company. With these advantages, there are several disadvantages, the biggest of which is security.

Allowing employees to access company resources through their personal device can cause potential security concerns because once the information is on the employee's device, the company has no control over that information. In a survey conducted by Decisive Analytics, nearly half of companies that allowed BYOD reported data breaches. The best way to prevent data breaches is to implement a Mobile Device Management (MDM) solution.

A MDM solution is a way to and secure mobile devices in a typical implementation, an app is installed on the employee's device. Through this app, the company's IT staff can remotely configure the device, such as configuring email. They can also manage the device. An example of this is installing other work-related apps on the device. Securing the device is probably the biggest advantage of a MDM solution. At a minimum, this solution should encrypt the company information on the device, secure it with a PIN or passcode, and offer a remote wiping service. Wiping a device involves removing information from the device so that it can no longer be accessed. A full wipe would be performed if the device was lost or stolen. A selective wipe, which only removes company information, would be performed if the employee left the company.

There are a wide variety of MDM solutions on the market. If your company would be interested in a MDM solution, please contact **H&S Computer Consulting at helpdesk@hscompanies.com or 1-800-924-6891.**



H&S Opens Cascade Office

H&S Companies is excited to announce Laurie A. Russell, CPA as their newest team member, along with her practice in Cascade. Laurie and her team have been serving primarily self-employed clients in the Southeast Grand Rapids area since 1986. "We are very excited to welcome Laurie, her quality staff and



clients to the H&S family. Over the past 31 years H&S has added a wide array of comprehensive services in order to help our clients achieve financial success. We look forward to the opportunity to work with and add value to the lives of Laurie's clients," said Jack Hendon, CPA and Co-Founder of H&S Companies.

"My team and I look forward to joining the H&S family. It will afford us access to more resources, allowing us to provide new services to our clients while we assist them in achieving their financial goals," said Laurie.

**H&S Companies -
4970 Cascade Rd SE,
Grand Rapids, MI 49546.**