



THE CPA TUNEUP®

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ABOUT US

Henry & Horne, LLP is one of the leading accounting firms in Arizona with offices in Tempe, Scottsdale and Casa Grande.

We combine the knowledge and expertise of a premier consulting firm with the personal attention of a local CPA, meaning unmatched service to you. Our services include: daily, monthly and annual bookkeeping and accounting; audit, review and compilation of company financial statements; audits of 401(k) plans; tax planning and compliance; CPA Tuneup®; cost segregation studies; internal control reviews; estate, gift & trust services; real estate appraisal and consulting; and valuation and litigation support services.

Your Automotive Team:

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Website Development Costs

By Brian Campbell, CPA

Dealerships use websites for consumers to view vehicle inventory and sticker prices, fill out finance forms, and schedule appointments. The cost to develop these websites can be pricey, and accounting for these costs under generally accepted accounting principles (GAAP) can present a unique challenge.

The accounting standards codification provides guidance on accounting for costs incurred in developing websites for internal use purposes only. We will summarize the key points.

Planning

Costs incurred in the planning stage should be expensed as incurred. They can include:

- Developing a plan for the site
- Determining the functionality of the site
- Identifying the hardware and software needed to develop and operate the site
- Determining that technology exists for the desired functionality
- Exploring alternatives for achieving the desired functionality
- Conceptually formulating and identifying graphics and content
- Selecting consultants or vendors
- Addressing legal issues such as compliance with copyright, trademark, and privacy issues

Development

During the development stage, costs to acquire or develop both hardware and software needed to operate the site would be capitalized as an asset in process. Here are a few examples of those costs.

- Obtaining and registering an Internet domain name
- Development of software needed for general website operations (such as a server and web browser and internet protocol)
- Development of code for web applications (such as email, search engines, and sales tax calculations)
- Designing and laying out the web page using graphics such as borders, background and text colors, fonts, frames, and buttons
- Creating content (which may involve populating databases) and entering the initial content into the website (i.e. digitized product photographs, product descriptions, articles, stock performance charts, and prices)
- Testing the website applications

Operating the Site

Costs of operating the site should be expensed as incurred. Examples of these costs include:

- Training employees that support the website
- Upgrading site graphics without adding functionality
- Performing routine backups
- Creating new links, updating links and verifying links are functioning
- Enhancements to the site should be capitalized if it is probable that they will result in added functionality

If you have questions regarding how to record these costs, or other accounting transactions within your dealership, please do not hesitate to contact one of our dealership professionals.

If you have any questions, Brian can be reached at (480) 839-4900 or BrianC@hhcpa.com.



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extra parts

Are road trips about to become a thing of the past? AeroMobil showed off its flying car prototype at South by Southwest. The goal is to have it on the market as early as 2017. It tops out at 99 mph on the road and 124 mph in the sky. No word on price, but several hundred thousand dollars is a good guesstimate.

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U.S. News & World Report is out with the 2015 Best Cars for Families. Winners have the best combination of high safety and reliability ratings, excellent reviews from professional automotive critics and space and features important to parents and kids. Top picks include the Honda Odyssey, Volkswagen Golf, Kia Soul and more.

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Automotive component supplier Delphi just finished a 3,500 mile test drive from San Francisco to New York in a self-driving car. A team of engineers set off in a highly modified Audi crossover SUV loaded with special cameras, radar and software to arrive at the New York International Auto Show. It's the first cross-county trip, and the longest, in a self-driving car.



Tax Due Dates and Filings

By Kane Lavin, CPA

Spring time usually means tax time for most dealerships. Most dealerships have a calendar year-end and their corporate federal and state returns are due this time of year. Corporate tax returns are not the only returns due for dealerships. There are payroll tax returns, 401k filings, and other returns due throughout the year.

I will recap some of the various returns and due dates dealerships face throughout the year.

Federal and State Corporation returns

For dealerships that are incorporated as a regular "C" Corporation or an "S" Corporation and have a calendar year-end of December 31, the federal return is due March 15th of the following year. If the due date falls on a Saturday, Sunday, or legal holiday, the corporation can file on the next business day. Those corporations with a fiscal year-end other than December 31, the return must be filed by the 15th day of the 3rd month after the end of its tax year. Most state corporate returns with a calendar year-end are due by March or April 15th.

Those corporations making estimated payments for tax have certain due dates for the estimates. The corporation must make installment payments of estimated tax if it expects its total tax for the year (less applicable credits) to be \$500 or more. The installments are due by the 15th day of the 4th, 6th, 9th, and 12th months of the tax year. If any of the dates fall on a Saturday, Sunday, or legal holiday, the installment is due on the next regular business day.

The corporations can also request an extension of time to file their federal and state return. For an extension of time for federal returns, corporations need to file Form 7004, Application for Automatic Extension of time to file Certain Business Income tax, information, and other returns, to request a 6-month extension of time to file. Generally, the corporation must file Form 7004 by the regular due date of the return.

Some dealerships may be setup as a partnership or limited liability corporation (LLCs). Generally, a partnership or LLC must file by the 15th day of the 4th month following the date its tax year ended. They may also request a 5-month extension of time to file by filing Form 7004 by the regular due date of the return.

Payroll tax returns

Quarterly payroll tax returns for 941 taxes, state income tax withholdings, and state unemployment taxes are generally due by the last day of the month following the end of each quarter. Corporations also need to pay quarterly estimates for federal unemployment taxes. They file an annual form 940 to report the federal unemployment taxes.

401K filings

Dealerships may also have a 401k plan for their employees. Generally, they must submit the 401k withholdings after each payroll, or monthly, depending on the type of plan. The plan also needs to file Form 5500 annually. If the plan is large enough, an audit maybe required to be filed with Form 5500. The annual Form 5500 must be filed by the last day of the 7th calendar month after the end of the plan year. A plan may obtain a one-time extension of time to file Form 5500 (up to 2 1/2 months) by filing IRS Form 5558.

This list is not all inclusive and dealerships may have other various returns they need to file depending on the state they reside in and the structure of their dealership.

If you have any questions regarding these returns or any other questions with regards to your dealership, please do not hesitate to reach out to one of Henry & Horne, LLP's dealership professionals.

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