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**OCTOBER 2014**

## **Tax filing reminders**

- **October 1** – Generally, the deadline for businesses to adopt a SIMPLE retirement plan for 2014.
- **October 15** – Filing deadline for 2013 individual tax returns on automatic six-month extension of the April 15 deadline.
- **October 15** – If you converted a regular IRA to a Roth in 2013 and now want to switch back to a regular IRA, you have until October 15, 2014, to do so without penalty.

## **I just learned that my credit- and debit-card information was part of a data breach. What should I do?**

Now, more than ever, consumers are relying on the convenience of credit and debit cards to make everyday purchases, such as gas and groceries, and to make online purchases. With this convenience, however, comes the risk of having your account information compromised by a data breach.

In recent years, data breaches at major retailers have become commonplace across the United States. Currently, most retailers use the magnetic strips on the backs of credit and debit cards to access account information. Unfortunately, the account information that is held on these magnetic strips is also easily accessed by computer hackers.

While many U.S. banks and financial institutions are in the process of replacing the older magnetic strips with more sophisticated and secure embedded microchips, it will take time for both card issuers and retailers to get up to speed on these latest card security measures.

In the meantime, if you find that your account information is at risk due to a data breach, you should make it a priority to periodically review your credit card and bank account activity. If you typically wait for your monthly statement to arrive in the mail, consider signing up for online access to your accounts--that way you can monitor your accounts as often as needed. If you see suspicious charges or account activity, you should contact your bank or credit-card company as soon as possible.

In most cases, your bank or credit-card company will automatically issue you a new card and card number. If not, request to have new cards and card numbers issued in your name. As an additional precaution, you should also change the PIN associated with the cards. Whether you will be held liable for the unauthorized charges depends on whether the charges were made to your credit- or debit-card account and how quickly you report them.

For more information on your rights if you are affected by a data breach, visit the Federal Trade Commission and Consumer Financial Protection Bureau websites.

## **Accurate inventory numbers are important**

For many companies, inventory is a significant dollar amount on the company's financial statements. So it's crucial that recorded inventory balances reflect actual values. When such accounts aren't properly stated, the cost of goods sold and current ratios – numbers that often matter to decision makers – may be skewed. If banks discover that your company's inventory accounts are overstated, they may not extend credit. If, when necessary, inventories aren't "written down" (their values lowered in the accounting records), fraud may go undetected or the company's net profits may appear unrealistically rosy.

Inventories decline in value for a variety of reasons. You might be in the business of selling electronic equipment to retail customers. Over time, yesterday's "latest and greatest" gadgets become today's ho-hum commodities. Such goods still have value, but they can't be sold at last year's prices. Your inventory is experiencing "obsolescence."

Inventory "shrinkage" is another term that's often used to describe declining inventory values. Let's say you run a construction materials company. Unbeknownst to you, a dishonest supervisor is skimming goods from your shelves. A periodic inventory count that's compared to your company's general ledger might show that inventory is declining faster than it's being sold. As a result, you may decide to investigate and to reduce inventory values in your accounting records.

Other examples of shrinkage might include a retail store that loses inventory due to shoplifting or a warehouse facility that's hit by a storm. In both cases, inventories may need to be written down in the company books to more accurately reflect actual values. Under another scenario, a shady supplier might bill your company for goods that aren't actually shipped or received. Your inventory may end up being overstated.

For some companies, several sources feed into inventory values. A manufacturing concern, for example, might add all the expenses needed to prepare goods for sale – including factory overhead, shipping fees, and raw material costs – into inventory accounts. When those supporting costs fluctuate, inventory accounts are often affected.

To ensure that your inventory numbers remain accurate, it's a good idea to conduct regular physical counts and routinely analyze the accounts for shrinkage, obsolescence, and other evidence of diminishing value.

## **Check your 2014 tax payments**

Don't let penalties for underpaid taxes increase your tax bill next April. Check the total you've paid in for 2014 through withholding and/or estimated taxes. If you've underpaid, consider adjusting your withholding for the final months of 2014 or increasing your remaining quarterly estimate. If you employ household workers, be sure your calculations include the payroll taxes you'll owe for them.