

A middle-aged man with glasses and a goatee, wearing a dark suit, white shirt, and patterned tie, is sitting in a grey armchair. He is smiling and looking towards the camera. The background is a blurred office interior with large windows.

**YOUR TAX NEEDS  
DON'T STOP AT YEAR-END**  
NEITHER DOES  
OUR EXPERTISE













CPAs & BUSINESS ADVISORS



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# EXPECT MORE FROM YOUR CPA FIRM

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**Taxes**—a universal concern for every business. No matter what industry you operate in or service you offer, there are tax laws and regulations, with rules to follow. Many of these tax laws are complex and ever-changing, particularly for certain highly specialized areas of taxation.

*That's where Eide Bailly's National Tax Office comes in.*

Our National Tax Office is a resource for clients to help them analyze complex tax issues related to their business and stay connected to what's happening in the tax world. Our committed team of professionals helps clients stay informed on tax news, developments and trends in various specialty areas.

Our experienced National Tax Office professionals are thought leaders who deliver big-firm resources with a focus on client service. Explore this guide to learn how we can connect you with the tax solutions that will help you make business decisions with confidence.

## FIND THE MONEY THAT COULD BE HIDING INSIDE YOUR WALLS

In one of our recent projects, a grocer had spent three years and approximately \$4.1 million renovating one of their stores, and they were depreciating those costs over a 39-year period. Our cost segregation study revealed that 35 percent of the building costs could be reclassified into shorter recovery periods.

The reclassification turned into a current tax savings of \$371,000. Using a net margin of 5 percent, the grocer would need to generate approximately \$7.4 million in additional sales to create the same amount of cash flow.



# COST SEGREGATION

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*Did you recently construct, purchase, repair or renovate a building?  
Are you interested in accelerating its depreciation and your cash flow?*

## **Reduce Your Tax Liability and Increase Your Cash Flow**

A cost segregation study is an IRS-accepted method of accelerating depreciation deductions allowable on your building. The additional deductions lower your income taxes, which in turn increases your cash flow. It's accomplished through a detailed study that identifies all the costs associated with a building that can be moved from the traditional 39-year depreciation to recovery periods of 15, seven or even five years.

Any profitable business owning or leasing a building may benefit from a cost segregation study. The best results come from qualifying projects with costs of \$500,000 or more, but there are some instances where significant benefits can be found with smaller projects. Typically, the benefit of a cost segregation study will be from five to 20 times the cost of the study, and it's not unusual to generate \$50,000-\$200,000 in additional cash flow to re-invest in the business. Results vary based on the cost of the building and its special features and components.

In addition, a cost segregation study can be done on qualifying projects from prior years. The IRS allows you to take the deductions in the current year with a form to change the "method of accounting," without having to file an amended tax return.

## **Why Choose Eide Bailly?**

The Eide Bailly cost segregation process includes a team of qualified and certified professionals using state-of-the-art software and their combined accounting and tax knowledge to analyze your situation. We do an up-front comprehensive analysis with no cost or commitment to you, so you can see the potential benefit and make an informed decision.

## **National Tax Office Contact**

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# LEARN HOW STATE AND LOCAL TAX COMPLIANCE CAN HELP TURN LIABILITY INTO OPPORTUNITY

"Eide Bailly's professionals offer a wide scope of expertise in the area of state and local tax. Their knowledge and advice on state sales tax laws, across all 50 states, sets Eide Bailly apart from other firms I've worked with. The final report I received was detailed and very comprehensive. I would definitely recommend Eide Bailly to anyone who needs help complying with these complicated laws."

~ Noel Lais  
*Spader Business Management*



# STATE AND LOCAL TAX (SALT)

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*Does your business operate in more than one state or plan to expand across state lines? Are you an online retailer that sells to customers in multiple states?*

## Take a Proactive Approach to State and Local Tax Liabilities

Many states have been taking an aggressive approach to tax regulation compliance and collection activities in recent years. It's critical for businesses of all sizes to understand the tax environment they work in if they have sales, property or payroll in more than just their home state. Even activities as seemingly insignificant as selling a product over the internet, or advertising through an internet marketing company, may inadvertently establish nexus (the minimum contact necessary between a business entity and a state to require tax compliance). Having nexus makes a business subject to a state's tax laws and raises the possibility of income and sales tax liabilities—plus any penalties or interest that the state may charge for failure to file and pay current and prior year state tax.

A nexus study is one of the many ways a business can be proactive and stay in compliance in state and local tax jurisdictions. The study can identify the various types of business activities in each state, find out how and where tax liability may be created, and provide a detailed report of the findings.

And there's good to be found, too. Many states offer tax savings opportunities for businesses that invest in equipment and create jobs. Identifying and maximizing these incentives is a key aspect of our SALT services.

## Why Choose Eide Bailly?

Our experienced SALT professionals can help your business minimize its tax liability at the local level in a variety of ways, including:

- Nexus studies
- Sales taxability analysis
- Voluntary disclosures
- Amnesty programs
- Tax controversy services
- Apportionment reviews
- Process reviews
- Payroll
- Unclaimed property reporting analysis
- Property tax reporting analysis

We can help you achieve not only compliance, but a greater understanding of your tax filing requirements, and can help you plan for the future. We provide insight into where taxes are greater or less to help you plan strategic growth, and we'll give you the tools for confident decision making, potential cost savings and peace of mind.

## National Tax Office Contact

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# BE CONFIDENT TAKING YOUR BUSINESS WHEREVER SUCCESS MAY LEAD YOU

A manufacturing company that exported overseas was looking for a way to reduce its tax burden. We determined they qualified for an IC-DISC, a commission payment mechanism in which a business creates a new corporation that elects to be treated as an IC-DISC, and makes commission payments to it as a regular expense not subject to federal tax. Then the IC-DISC pays the commission to its shareholders as a qualified dividend. Because of the income tax rate differential between ordinary and dividend tax rates, we were able to help reduce the business's tax liability and improve their cash flow.



# INTERNATIONAL TAX

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*Does your organization do business internationally? Are you planning to expand your business outside or into the U.S.?*

## **Stay in Compliance No Matter Where You Do Business**

Many opportunities open up when a business starts to think globally, but it can also be intimidating to decipher international laws and regulations. Selecting the right entity structure, analyzing tax treaties and finding tax incentives are all critical elements to ensuring success when doing business abroad, whether that means into, or outside, the U.S.

We can help you understand the tax laws and regulations in the countries where you do business, so you can be confident you're staying in compliance. And, as a member of HLB International, we have access to hundreds of firms worldwide that can provide local expertise and resources when and where they are needed.

We can help you with the following services:

- Inbound and outbound tax planning
- International tax concerns for employers and individuals
- Transfer pricing policies and considerations
- U.S. Export Tax Incentive (IC-DISC)

## **Why Choose Eide Bailly?**

Eide Bailly has an experienced team of international tax professionals that can help you do business globally in the most tax-efficient manner, whether you've been operating internationally for years or taking that initial step. We work closely with HLB International professionals to ensure you are getting comprehensive and coordinated tax services wherever your business leads you, so you understand your tax obligations and feel confident embracing opportunities.

## **National Tax Office Contact**

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## PLAN FOR A FUTURE THAT ACHIEVES PEACE OF MIND

A couple, who owned a business, wanted to ensure their estate plan was set up properly, so their assets would be distributed with the minimal amount of estate taxes owed. Because improper titling of assets can be an obstacle to the proper functioning of an estate plan, we reviewed their situation and recommended changes to align their ownership with their goals. The result was \$700,000 in tax savings.



# WEALTH MANAGEMENT

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*Are you confident your wealth is positioned to effectively accomplish your personal, business and charitable goals? Have you established a plan to care for your family in a way that enhances their lives?*

## **A Big-Picture View**

A holistic approach is the best way to manage your wealth so you can achieve your goals and dreams. Your plan for the future likely will need to encompass a variety of objectives happening at different times, such as transitioning a business to the next generation, retirement plans, charitable giving goals and ensuring your family is taken care of for years to come. These goals come with their own concerns and needs, and it takes a comprehensive approach to ensure they are met. Sometimes simply identifying your key objectives can seem like a daunting task.

We can help you plan for the future in a holistic manner that focuses on identifying and accomplishing your unique objectives. Your Eide Bailly team will include financial advisors, tax accountants, business advisors, estate planners and business valuation analysts who will use their expertise to help you take a big-picture approach to creating and completing your plans.

Our advisors can assist you in:

- Identifying and prioritizing your objectives for you, your family, your business, and your charitable giving.
- Determining a balance for how much wealth is required for your own comfort and how much is available for other planning.
- Planning for the succession of your wealth to future generations.
- Valuing and positioning your assets to maximize their contribution to your goals.

## **Why Choose Eide Bailly?**

Our team approach will give you comprehensive knowledge and objective insights to your situation, and we'll deliver customized solutions according to your definition of success, not ours. We'll not only help you develop a plan, we'll also meet with you on an ongoing basis to share ideas and opportunities so you can have peace of mind that your estate is cared for; and that when life's events happen, your life plan is updated.

## **National Tax Office Contact**

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# GROW YOUR MISSION NOT YOUR TAX BURDEN

A nonprofit organization contacted us after growing to the point where it needed to file a Form 990, but existing record-keeping methodologies did not provide the documentation needed for accurate reporting. We educated staff on the required documentation they needed to complete and helped them update their accounting and bookkeeping procedures, including a means to properly receipt donations. The end result was they not only maintained their status as a public charity, but their staff could now focus more clearly on their mission, rather than accounting issues.



# TAX-EXEMPT COMPLIANCE

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*Are you a tax-exempt organization? Are you ensuring you are not operating in a way that could jeopardize your tax-exempt status?*

## **Feel Confident Executing Your Mission**

One of the most important assets a tax-exempt organization has is its tax-exempt status. It's vitally important to your mission to ensure your organization is meeting IRS requirements and not conducting activities that may jeopardize that status.

Eide Bailly works with 1,600 nonprofit clients that cover the entire spectrum of charitable entities, so our professionals understand the challenges your organization faces. We can assist your organization with tax planning, reporting, compliance and advisory services. From helping structure new organizations and activities to ensuring your current activities meet the requirements for tax-exempt status, we can provide help in navigating the tax ramifications of your decisions.

In addition, we ensure your organization is also completing its Form 990 to take advantage of the fact the form is a public document. We use a comprehensive approach to preparing and filing a Form 990 because we understand these records are available to the public—including the media—and that some donors may base their giving decisions on what is reported in your Form 990.

Our ultimate goal is to bring you solutions and knowledge that go beyond tax compliance to ensure your nonprofit doesn't lose its most important asset.

## **Why Choose Eide Bailly?**

At Eide Bailly, you'll work with local professionals who understand your community, and you'll be connected to the resources of a top 25 CPA firm in the nation. We can offer guidance and tools for best practices, strong internal controls, proper accounting for mergers and acquisitions and maintaining your tax-exempt status. Our collaborative, two-way communication will help you address current challenges in a way that supports the future growth of your organization.

## **National Tax Office Contact**

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# BUILD A STRONG, SOLID DEFENSE ON A FOUNDATION OF EXPERIENCE

IRS data shows that the more income you report on your taxes, the higher the likelihood you will face an examination. In a one-year period beginning in October 2013, the IRS examined more than 12 percent of the returns from businesses with assets of \$10 million or more, and examined less than 1 percent of returns with assets less than \$10 million. Individual returns had a similar disparity. It's clear that the more your business grows, the stronger the likelihood of encountering a tax controversy issue.



# TAX CONTROVERSY

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*Has the IRS sent you a collection notice? Are you currently navigating a penalty abatement? Are you being audited by the IRS?*

## **Experience When It Matters Most**

When the IRS issues a notice regarding a tax filing, there are many tax issues and procedures that must be evaluated to build the best case that supports your position. The process can be complex, particularly when the IRS is demanding payment. While most accountants occasionally handle controversy cases, a tax controversy specialist can offer a deeper perspective because they have specific experience with these types of cases. Understanding the applicable laws, IRS interpretations, and how your decisions may impact your case in the future are critical skills for these situations.

Our tax controversy professionals have experience on both sides of these cases. They have previously worked as attorneys in the IRS Office of Chief Counsel. They now use their skills to help our clients navigate tax law. We understand how the IRS is most likely to interpret your case and what the best avenue may be to address it. We can help you through the examination, appeals and tax court settlement process to effectively resolve a case, as well as assist you with collections, liens and the procedures involved. We also provide risk advisory services to analyze and support positions you may be considering prior to filing your return.

## **Why Choose Eide Bailly?**

Our tax controversy professionals can help you work through your case or provide litigation support services before or in the midst of controversies. Our experience and background make us uniquely qualified to help protect your rights as a taxpayer, and we can provide you with access to many specialized professionals across our firm who have expertise in specific industries and services.

## **National Tax Office Contact**

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## SEE HOW A DIFFERENT VIEW OF YOUR BOOKS CAN ADD UP TO SAVINGS

We recently worked with a health care service company with more than \$15 million in annual revenue operating on an accrual method of accounting. After reviewing their business activities, we determined that they were eligible to use the cash method of accounting, which simplified their tax accounting and saved the client almost \$1.5 million.



# ACCOUNTING METHODS & PERIODS

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*Are you on a cash or accrual method for tax accounting? How is your method of accounting for tax purposes different from your method of accounting for book purposes? Are you properly recognizing income and expenses under the tax rules? Are you confident with your decision to capitalize or deduct an expense?*

## **The Right Method**

Most taxpayers, and even some tax preparation professionals, don't understand the importance of accounting methods and periods, which determine how and when income and expenses are reported for tax purposes. There are four key areas of focus in accounting methods: income recognition, expense recognition, capitalization and cost recovery, and inventory. Every client with income and expenses can potentially benefit from a review of their accounting methods and periods. The right method can produce tax savings and help avoid IRS exams and audit exposure. Understanding the periods allowable, or required, for reporting income offers additional tax planning opportunities.

Eide Bailly's accounting methods and periods consulting can provide guidance on ruling requests and change of accounting method applications, as well as advice on issues involving timing, character and recognition for taxable events. We provide insight related to depreciation, deductions and payments as well as specialized methods of accounting required or available for taxpayers in certain industries and business activities.

## **Why Choose Eide Bailly?**

Our team of experienced professionals can offer tailored solutions with an individualized approach. We'll leverage the knowledge of our National Tax Office professionals and our many resources across the firm with specific industry expertise to deliver services that fit your business needs.

## **National Tax Office Contact**

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## LET YOUR FOCUS BE ON WHAT'S AT YOUR FRONT DOOR NOT WHAT'S NEEDED IN THE BACK OFFICE

We had a client with multiple types of entities approach us on the possibility of restructuring for retaining cash and optimizing financial results for a future acquisition and expansion of the business. We examined the current use of S corporation and Limited Liability Company-related entities, as well as the tax costs and benefits of changing the structures. We offered suggestions for restructuring that helped the client save money and work toward their goals.



# S CORPORATIONS & PARTNERSHIPS

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*Are you an S corporation with a disqualified shareholder? Do you have a complicated operating agreement? Do you want to merge or eliminate a partner?*

## **Flexible but Complex**

Pass-through entities are businesses that are structured to avoid double taxation by distributing entity level/taxable income and expense among owners in either an S corporation or a partnership.

## **Partnerships**

Partnerships are the most flexible organizations, but partnership tax law is also one of the most complex in the tax code. It is subject to frequent litigation in both civil and tax court. We assist partnerships with targeted capital account allocations, complex operating agreement interpretations, proper debt allocations, income allocations, mergers and termination, plus consulting regarding carried and profit interests.

## **S Corporations**

We most commonly help our S corporation clients in determining qualified shareholders, allocating income properly, determining tax basis and at-risk basis, and restructuring. Often we will encounter a client within an S corporation with a disqualified shareholder, wanting to re-structure to get real estate out of an S corporation or clients who utilize asset spin-offs instead of distributions.

## **Why Choose Eide Bailly?**

Our experienced team has specific knowledge related to the taxation dynamics of partnerships and S corporations, including limited liability companies, and the specific requirements that come with them. Our professionals serve as dedicated resources who provide advice for alternative arrangements on transactions and help navigate complex technical issues.

## **National Tax Office Contact**

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# LEARN HOW STAYING COMPETITIVE CAN EARN YOU TAX INCENTIVES

A manufacturing company, with less than \$50 million in annual revenue, was working to develop a new product and make changes to its manufacturing process in order to produce the new product. We worked with the company's key contacts to identify the specific costs that qualified for R&D tax credits and documented how the product and process development efforts met the required criteria. Through this process, we identified a combined \$235,000 of available federal and state R&D credits over a three-year period.



# RESEARCH & DEVELOPMENT TAX INCENTIVES

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*Have you recently developed a new product or made improvements to an existing product or process? Have you developed software for external or internal use?*

## **You May Qualify for R&D Tax Incentives**

It's vitally important for companies to invest in innovation if they want to stay competitive. Research and development are an integral part of many businesses' strategic plans, and the federal government has recognized this by continually expanding the types of activities that qualify for the R&D tax credit. As a result, many businesses are receiving tax credits and related deductions simply through their efforts to stay competitive. Federal R&D credits total more than \$10 billion annually, and most states offer some kind of R&D tax incentive. However, knowing which of your activities qualifies can be a daunting task considering the ever-changing tax environment.

We can perform an independent evaluation to help you identify qualified activities and quantify expenditures to determine actual R&D tax deductions and credits. Many day-to-day company operations potentially qualify for the R&D tax credit, including:

- Development of new, improved or more reliable products/processes/techniques
- Development of prototypes or models (including computer-generated models)
- Design of tools, jigs, molds and dies
- Development or testing of new concepts and technology
- Development or improvement in production/manufacturing processes
- Development, customization or upgrading of software
- Automation and/or streamlining of internal processes

## **Why Choose Eide Bailly?**

Our expertise in federal and state R&D tax rules, criteria, code and regulations enables us to maximize the full potential of the incentives and appropriately document any benefits claimed. Our personal, attentive approach to service helps our clients manage their taxes through planning, business advice, tax research and IRS audit support. Our focused knowledge and our understanding of the current tax laws and regulations allow us to help clients meet their overall goals, while minimizing their tax liabilities and increasing cash flow.

## **National Tax Office Contact**

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# CULTURE

## The Foundation of Success

Caring for our external and internal clients  
with a passion to go the extra mile.

Respecting our peers and their  
individual contributions.

Conducting ourselves with the highest level  
of integrity at all times.

Trusting and supporting one another.

Being accountable for the overall success  
of the firm, not just individual or office success.

Stretching ourselves to be innovative and  
creative, while managing the related risks.

Recognizing the importance of maintaining  
a balance between work and home life.

Promoting positive working relationships.

And, most of all, enjoying our jobs ...  
and having fun!



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