

Paychex Offers Five Tax Tips Small Business Owners Can Benefit from before the New Year

ROCHESTER, N.Y.--(BUSINESS WIRE)-- As the year winds down and small business owners prepare for 2015, there are five key tax provisions they should evaluate before the end of the calendar year that could benefit their businesses. Paychex, Inc., a leading provider of payroll, human resource, insurance, and benefits outsourcing solutions for small- to medium-sized businesses, today released its list of tax regulations and credits for consideration.

"Small business owners are always looking for opportunities to reduce tax liability and save money," said Martin Mucci, president and CEO of Paychex. "Consider taking advantage of potentially valuable tax incentives before the books officially close on 2014."

The tax provisions identified by Paychex are:

1. **Health Care Tax Credit for Small Employers.** Part of the [Affordable Care Act](#), this provision enables qualifying small businesses to get a tax credit for health premiums paid on behalf of employees. Employers can apply to receive a tax credit on their annual business tax return (or Form 990-T for tax-exempt businesses). In 2014, the maximum amount of the potential credit increased to 50 percent (35 percent for tax-exempt businesses) of an employer's contributions to health coverage. Additionally, beginning in 2014, the small business tax credit is limited to two consecutive years and only available to eligible businesses that offer coverage to employees through the Small Business Health Options Program (SHOP).
2. **Business-Friendly Tax Extenders.** Several of the small business-friendly "[tax extenders](#)," such as Section 179 accelerated depreciation for equipment, bonus depreciation for qualified property placed into service in the tax year, and the work opportunity tax credit, have been eliminated or scaled back in 2014. Even so, the possibility exists that these may be reinstated by Congress, perhaps retroactively, so it's worth monitoring.
3. **Energy Investment Tax Credits.** If a small business purchases an energy system such as solar panel, fuel cell, or wind, they may qualify for business energy tax credits. The Energy Improvement and Extension Act of 2008 extended by eight years the [Business Energy Investment Tax Credit](#) (ITC), meaning credits are available for systems placed into service on or before December 31, 2016. To take advantage of this credit in the current year, a qualifying energy system would need to be installed before December 31, 2014.
4. **Start a New 401(k) Plan.** Small businesses that start a new [401\(k\) plan](#) can claim a federal tax credit for the first three years of the plan to offset plan startup costs. Eligible

startup costs include those necessary to set up and administer the plan, as well as those to educate employees about the plan. A percentage of contributions made by the employer are tax deductible as well.

5. **Deduction for Working from Home.** If you run your business out of your home, you may qualify for a [home office deduction](#). Last year, the IRS introduced a streamlined option which reduced many of the recordkeeping requirements for this tax credit. However, if you are willing and able to maintain the paperwork substantiating all your expenses, you can still apply for a bigger deduction.

To download a Slideshare of the Five Tax Tips for Small Business Owners Before the New Year, visit <https://www.slideshare.net/Paychex/201412-five-taxtipsnewyear>.

For more helpful tips to advance the long-term success of your business, visit www.paychex.com/articles.

Note: The information contained within is not tax or legal advice. These issues are complex and applicability depends on individual circumstances. Businesses should consult tax or legal counsel before taking action on any of the items identified above.

About Paychex

Paychex, Inc. (NASDAQ:PAYX) is a leading provider of payroll, human resource, and benefits outsourcing solutions for small- to medium-sized businesses. The company offers comprehensive payroll services, including payroll processing, payroll tax administration, and employee pay services, including direct deposit, check signing, and Readychex®. Human resource services include 401(k) plan recordkeeping, section 125 plans, a professional employer organization, time and attendance solutions, and other administrative services for business. A variety of business insurance products, including group health and workers' compensation, are made available through Paychex Insurance Agency, Inc. Paychex was founded in 1971. With headquarters in Rochester, New York, the company has more than 100 offices serving approximately 580,000 payroll clients as of May 31, 2014. For more information about Paychex and our products, visit www.paychex.com.

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