

Paychex Identifies Five Tax Benefits Small Business Owners Should Consider Before the New Year

ROCHESTER, N.Y.--(BUSINESS WIRE)-- While Congress and the White House work to determine the fate of tax cuts and hikes for 2013, small business owners should use the remaining weeks of 2012 to finalize year-end tax planning and take a close look at ways to reduce their tax liability. Paychex, Inc., a leading provider of [payroll](#), [human resource](#), and [benefits outsourcing](#) solutions for small- to medium-sized businesses, has identified the following tips to help small business owners take advantage of tax regulations and credits available for the 2012 tax year.

- **Move up bonuses** – Employers may want to consider accelerating bonuses or other incentive compensation payments into this year if it appears that policymakers will not reach an agreement by year end to extend the lower tax rates currently scheduled to end in 2012.
- **Make planned asset purchases now** - Businesses are permitted to take a Section 179 deduction for the full purchase price of qualifying assets, such as equipment, computers or software, purchased during the tax year to lower their taxable gross income. However, without Congressional action, the limit of this deduction is scheduled to dramatically decrease in 2013. For assets that don't qualify for the Section 179 deduction, small businesses can also take advantage of a 50 percent bonus first-year depreciation allowance on certain assets placed in service during 2012; this benefit is also set to expire at year end without legislation extending it.
- **Start a retirement plan** -If you are considering offering a retirement plan for your employees, doing so before the end of the year could provide tax benefits. Your business might be eligible for a \$500 tax credit for the first three years of your plan to help defray setup costs. In addition, any employer contributions to employee plans enjoy tax deductions, and a business owner can realize personal tax savings by contributing to a plan.
- **Small business tax credit** - A tax credit is available to certain small businesses to encourage them to offer health insurance coverage. Generally, the credit is available to small employers that pay at least half the cost of single coverage for their employees.
- **Hire a veteran** – The Work Opportunity Tax Credit (WOTC) for hiring qualifying veterans is scheduled to expire at the end of the year. The credit can range from \$2,400 to \$9,600, depending on certain factors, including how long the veteran has been out of work and whether they have a service-connected disability.

“With the potential tax increases and government spending cuts planned for 2013, it’s important for small business owners to understand how they could be impacted,” said Martin Mucci, Paychex president and CEO. “Now is the time for business owners to re-examine

their upcoming business needs and determine where they can make adjustments that will allow them to take advantage of the tax benefits currently available.”

Mike Trabold, director of compliance risk at Paychex, talks more about reducing tax liability before year end in this two-minute [video](#).

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 567,000 payroll clients as of May 31, 2012. For more information about Paychex and our products, visit www.paychex.com.

Note: The foregoing is provided for informational purposes only, and is not intended to be tax or legal advice. Consult your licensed attorney, accountant, or other tax professional to discuss your particular facts, circumstances, and how these opportunities might apply to your business.

Stay Connected with Paychex

Twitter: www.twitter.com/paychex

Facebook: www.facebook.com/paychex

LinkedIn: www.linkedin.com/company/paychex/products

Photos/Multimedia Gallery Available:

<http://www.businesswire.com/multimedia/home/20121218006043/en/>

Paychex, Inc.

Tracy Van Auker, 585-387-6433

Public Relations Program Manager

tvauker@paychex.com

[@PaychexNews](#)

or

Eric Mower + Associates

Tom Brede, 585-389-1870

Counselor, Public Relations and Public Affairs

tbrede@mower.com

Source: Paychex, Inc.