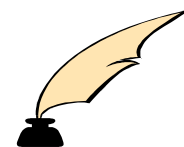


Accountants' Notes



Volume 12, Issue 4

April 2010

IMPORTANT UPCOMING FILING DATES

Partnership Return	April 15
Partnership Extension Form	April 15
Individual Tax Return	April 15
Individual Tax Return Extension	April 15
Individual Estimated IRS Tax Payments	April 15
Individual Estimated State/Local Tax Payments	April 15
Estate Tax Return	April 15
Estate Tax Return Extension	April 15
Trust Tax Return	April 15
Trust Tax Return Extension	April 15
March Sales Tax	April 23
Quarterly Payroll Reports	April 30
CAT Tax - Quarterly Payments	May 10
CAT Tax - Form CAT12 Annual Payments and Report	May 10

THINGS TO KNOW ABOUT TAX PENALTIES

The tax filing deadline is approaching. If you don't file your return and pay your tax by the due date, you may have to pay a penalty. Here are things the IRS wants you to know about the two different penalties you may face if you do not pay or file on time:

- If you do not file by the deadline, you might face a failure-to-file penalty.
- If you do not pay by the due date, you could face a failure-to-pay penalty.
- The failure-to-file penalty is generally more than the failure-to-pay penalty. If you cannot pay all the taxes you owe, you should still file your tax return and explore other payment options in the meantime.
- The filing late penalty is usually 5% of the unpaid taxes for each month or part of a month that a return is late. This penalty will not exceed 25% of your unpaid taxes.
- If you file your return more than 60 days after the due date or extended due date, the minimum penalty is the smaller of \$135 or 100% of the unpaid tax.
- You will have to pay a failure-to-pay penalty of 1/2 of 1% of your unpaid taxes for each month or part of a month after the due date that the taxes are not paid. Penalty can be as much as 25% of your unpaid taxes.
- If you filed an extension and you paid at least 90% of your actual tax liability by the due date, you may not be faced with a failure-to-pay penalty if the remaining balance is paid by the extended due date.
- If both the failure-to-file penalty and the failure-to-pay penalty apply in any month, the 5% failure-to-file penalty is reduced by the failure-to-pay penalty. However, if you file your return more than 60 days after the due date or extended due date, the minimum penalty is the smaller of \$135 or 100% of the unpaid tax.
- You will not have to pay a failure-to-file or failure-to-pay penalty if you can show that you failed to file or pay on time because of reasonable cause and not because of willful neglect.

Final Reminders for 2009 Tax Returns

Your 2009 IRA contribution is due by April 15, 2010, even if you filed for an extension. SEP and Keogh plans can be made later, by the extended due date of the return but, the plan must have been set up before 2009 to take a deduction for 2009. Consider a SEP-IRA if you missed the deadline to set up a Keogh. SEP's can be opened by the extended due date for 1040's and individuals.

If you would like us to file an extension for your 2009 personal income tax return, advise us by April 8th. If you are going to owe additional taxes for 2009, keep in mind that you will need to send a check along with the extension for the estimated taxes due as all payments are due by April 15.



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PROGRESSIVE REFERRAL GROUP OF LANCASTER TRADE SHOW



Come see us at the second annual trade show sponsored by the Progressive Referral Group of Lancaster April 29 at 4:30 p.m. to be held at the Fairfield County Fairgrounds Ed Sands Building. More than 100 area businesses will be participating and many doors prizes will be given including a lap-top computer. Admission is free for visitors.

If you have a business and would like to set up a booth, contact Tammy at 740-653-8251. The cost is \$20.00

The “HIRE” Act

On March 18, 2010 President Obama signed into law the Hiring Incentives to Restore Employment (HIRE) Act, which provides companies with incentives to hire and retain workers who are currently unemployed. The HIRE Act includes a Social Security Tax exemption and a business income tax credit.

SOCIAL SECURITY TAX EXEMPTION

The 6.2% Employer Social Security Tax exemption applies to 2010 wages paid commencing on March 19, 2010 and before January 1, 2011, to individuals hired after February 3, 2010, who were previously unemployed for at least 60 days and who do not exceed the \$106,800 Social Security base.



- Employers can save the 6.2% Employer Social Security Tax, whether they hire a \$40,000 worker, or a \$90,000 worker. Employers, including nonprofit organizations, would not have to wait until 2011 to benefit from this tax relief because savings would accrue with each payroll processed.
- The HIRE Act also encourages businesses to hire workers earlier in the year because the tax benefit will be greater. For example, a \$60,000 worker hired on April 1, 2010 saves an employer about \$2,800 in taxes. Delaying the hiring until June 1, 2010 would reduce savings to about \$2,200.
- This exemption has no cap or limit as to the total amount of tax benefits that can be claimed by an employer. Employers can save up to \$6,622 per qualifying worker, whether they hire one worker or hundreds of new workers.
- Any newly hired worksite employee must certify “by signed affidavit,” under penalties of perjury, that he/she has “not been employed for more than 40 hours during the 60-day period ending on the date such individuals begin such employment.”

TAX CREDIT

Employers will receive a business income tax credit, which is either \$1,000 for each qualifying worksite employee hired after February 3, 2010, and employed for at least 52 consecutive weeks, or 6.2% of wages paid the qualifying worker over the 52-week period, whichever is less (“Tax Credit”). Wages during the last 26 weeks must be at least 80 percent of wages paid for the first 26 weeks.

- Neither the 6.2% Employer Social Security Tax exemption nor the retention tax credit is permitted if a person is hired to replace another employee “unless such other employee is separated from employment voluntarily or for cause.”

ADP Total Source

Now, more than ever, the rules governing different aspects of the employment relationship are changing faster than most employers’ ability to keep pace. **Contact your payroll company or our office with questions to ensure you are receiving the tax savings due you.**

