



Corporate Tax Filers..Attention! 2011

Income Tax Update

And some last minute things you can do to STILL minimize your 2011 income taxes!!



Issue 12

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Hello There Corporate Tax Filers!

Just would like to provide you with some quick updates for this upcoming corporate tax season. If you need more information on any of the below updates, please feel free to call our office anytime, or conversely your CPA. If you work with your CPA, the following information works just as well during filing time even if you are not our client. Of course we would love for you to call us however.

1. **Minimum price for corporate returns:** is now \$495 (inclusive of one state filing), and individual returns for each partner/shareholder will receive a \$50 discount each towards filing their individual returns. Each extra state corporate return which would need to be filed is \$150 extra. We will try to work with you in price as we know many of you have had a tough year. However please keep in mind, that we are trying to formalize this so that it is fair for everyone and to try to keep bartering at a minimum during a busy tax season.
2. **Corporate Questionnaire:** There will be a link (in an email we will be sending out) soon to an "XLS" (excel) doc; it will be posted on our website. This year we are humbly requesting you to fill this out for us to help make it easier for us to capture your year-end info. It will be designed so that you can provide us your expenses by category, your revenue, your business credit card expenses, your cash investments and your withdrawals from the company. We found that to avoid a minimum back-and-forth with you during the filing season, the corp xls questionnaire document will do the best job in attaining all of your info. Please watch for this upcoming email regarding this questionnaire. You are MOST WELCOME to design your own xls, like you may already have been doing to provide us with all the above info if it is similar to our corp questionnaire. Filling ours however, will make your filing go a LOT faster, more seamlessly, and with headache and income tax obligations. (Don't forget to also fill out our individual worksheet, which will also be sent as a link to on our website in the next few days).
3. **Mileage & Vehicle Costs:** In the Corp Questionnaire, we will have a break out of the mileage we will be requiring for your vehicle expense deductions. Please provide the miles driven by you on ALL of your cars you used for business purposes into three different categories: 1)Business, 2)Personal, 3)Commuting. Commuting means going to and from your regular office or main client everyday. If you have only one client the mileage driven to and from that client is commuting. If you had multiple clients/projects at any point in time, the mileage driven to and from the 1st client is commuting, and the mileage driven to and from the 2nd client is business mileage. Mileage between clients is always business mileage. Personal mileage is exactly what it sounds like: grocery store, vacations, friends, family, etc. In our corp excel questionnaire, we will also have a breakout for your vehicle expenses you would provide us, such as loan interest spent, lease expense payments, insurance, repairs, state registration & renewal fees, state vehicle tax, etc. If you bought a new car, we need the year, make, model, etc. Please provide the invoice to us. If you sold or traded in a car previously used in your business, we need this info as well, such as when you sold/traded it in, which car it was, and for how much. You can develop your own xls (excel) sheet, or just wait for our corp questionnaire which will have this info in it.

4. **1099s:** If you have given any non-corporate vendors or non-corporate service providers (i.e, a PERSON) any money in any way, which for 2011 totaled \$600 or more, you are responsible to provide both to the IRS and to that person a 1099 document detailing the monies you paid him/her and the taxes, if any, you held back and remitted to the IRS. Any monies you paid corporations from your corporation do not require a 1099 filing. Otherwise, 1099s which you are required to file are due to the recipient (person) by January 31st of the new year. We can certainly file your 1099s FOR YOU at a small charge of only \$5 per 1099 to help keep you tax complaint. However, we would need the relevant information a few days before March 31st, which is the filing deadline for the IRS to submit 1099s. We need to have the person's social security number and name, and address. If you do not have the person's social security number, then just a name and address will be fine. In ideal situations, if the person does not provide you with a social security number, you would be required to hold back 28% of the monies you provided him, and remit that portion to the IRS. However, many recipients do not agree to this and we understand this. However, a 1099 filing is still required by you for any persons you paid \$600 or over in a calendar year. (This includes international people as well, and thus extra filing documents are required. Call our office for more info).
5. **Retirement Contributions Deadlines:** For any of you wishing to put money in a retirement account, there are quite a few options you can do. We are not talking of the simple \$5,000 IRA plans. Those are always available if you run a minimum W2 payroll. For corporate filers, you have a few more tax-beneficial options. However, for any of them, you would have been required to run a payroll for yourself (meaning, a "W2") for 2011. There is STILL 15 days left to do a payroll for yourself from your company, if you haven't done so already. If you want to do a retirement contribution, you can still file the necessary payroll taxes by the 15th of January on your 4th quarter's 941 so that you would be eligible for either a Solo 401K, a SEP-IRA, or even a DB plan. Our office DOES do regular payroll filings and payments, along with full service accounting, so we are very adept at this. The deadline for setting up a Solo 401K is Dec. 30th/31st (depending on your fund management company). The employee portion of a Solo 401K contribution has a deadline of Jan 15th, 2012. The employer portion contribution deadline is March 15th (if you're an S-Corp, filing an 1120S tax return), or April 18th (if you're an LLC, filing a 1065 tax return). Some of you are LLCs, but filing as an "S-Corp", and therefore your company tax return is due on March 15th, and therefore, so is your retirement contribution. However, if you take the valid corporate tax return extension filing with us, you will have an extra 6 months to put the employer contribution part into your Solo 401K (either Sept 15th or October 17th depending on if you're an S-Corp or an LLC). You can also do a SEP-IRA, but there is no employee contribution portion, and it only has an employer contribution; thus the deadlines for it are the same as for the Solo 401K employer contribution dates mentioned above. There is one more plan called a Defined Benefit plan. Do call our office for information on this. Starting March 2012, our office will be licensed to provide you investment services such as setting up these plans and investing the funds. We will be fully licensed in being able to assist you with investing in mutual funds, stocks, bonds, for IL, CA, and NJ. Life insurance and Property & Casualty insurance will also be provided by our office for only IL, also starting March 2012.
6. **New Hire Credit (\$1,000) Max:** Please inform us if you have hired anybody between February 4th, 2010 and December 31st, 2010 and that person was with you for one year. There is a maximum \$1,000 credit per employee on your company tax return for 2011 if you have a qualified employee. They can't be family members or anybody who owns 50% or more of your business. Call our office for more info.
7. **Health Insurance Credit:** If you have paid Health Insurance for your employees in years 2010 and 2011, we can take a credit for 35% (max) of the amount that you paid for qualified employees. For more details please contact our office.

8. **Last Minute!!:**

- a. ***Why not make the extra payments to your vendors if you can afford to?*** Put it on your business credit card. The payment will be due 30 days from now, but it is still a valid expense for 2011. (You can also pay your CPA ahead of time for 2011 tax return filing fees -- your CPA would surely love it as well).
- b. ***Business trip that you're taking soon or even in 2012?*** Book it now, and pay as much of your expense now, on a credit card so that you can take that expense on your 2011 tax return.
- c. ***We can set up your SEP-IRA or 401K! (minimum investment, \$10,000).*** If you're a corporate tax client, you can contribute up to \$16,500 (\$22,000 if you're 50 or older) in a Solo 401K (assuming you're the only shareholder/member of your company) by January 15th 2012, assuming the plan is set up by Dec. 31st, 2012. Your company can then contribute the profit sharing portion by the corporate filing deadline, plus extension deadline in the new year for the 2011 tax return. There are some extra things you can do by way of retirement plan contributions as well...watch for one more email for 401K, SEP-IRA, 1099 requirements, and defined benefit contributions limits.

*If you receive a new Form 1099-k please be sure to bring it to your preparer and do not panic. The 1099-K rule was repealed some time ago. It will not have a bearing on your tax return.

9. **Reasonable Compensation:** Are you running enough payroll on your W2? How do you know? There is a lot of new information on this. Please call us to discuss this matter asap, if you are not running any payroll.
10. **Paying any international vendors:** Are you paying international vendors? Do you know what is required when you pay international vendors? Please call us to discuss this.
11. **Need full Payroll, Accounting, Estimation, Retirement, and Estate Planning Services?:** We are very adept at this and have been handling the bulk of this for many clients in various industries, especially those who have H1B Visas, or L1 Visas. Call us now, and perhaps we can set you up right away for 2012 without having to wait until after tax season ends on April 18th, 2012.

Please watch for the next email with the corp questionnaire link which has a lot of the above info in it and which you would fill out for us.

Thanks for your patience for reading this and other emails from us.

Sincerely,

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