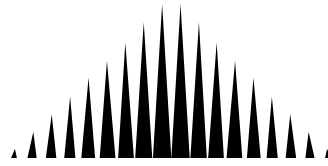


Tax interview appointments are now available. Please call to schedule your appointment today!

T. Dennis Connally,  
Consultant, P.C. CPA

770-920-2890



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Certified Public Accountant



## JULY 2010

### Word of the Month

**hunky dory** \HUHG-kee-DOHR-ee\ , adjective;

1. About as well as one could wish or expect; satisfactory; fine; OK.

### Important Dates to Remember

July 15—Georgia State Withholding Due for Monthly Filers

July 20th—June 2010 Sales Tax Returns are Due

July 31st—2nd Quarter Payroll Tax Returns Due (All information must be received by our office no later than July 15th)

July 31st—All corporate and partnership information must be in our office no later than today for preparation of 2009 tax returns if an extension was filed.

#### ***Did you file an extension for your company or personal tax return?***

**If the answer is yes, you should have received a letter with an appointment date and time. Please pay close attention to this letter as it will have your appointment time for you to meet with Dennis, Donna or Karen so that we can prepare your returns in a timely manner. If your appointment time should change, please contact our office immediately to change your appointment. The calendar is filling up fast!**

Have you ever wondered if you are entering everything correctly in QuickBooks? Are there things that you could be doing in QuickBooks that would make your life easier? I bet the answer is yes! If so, perhaps you should consider taking a QuickBooks class from our certified QuickBooks Pro Advisor. Donna Cox provides one on one QuickBooks classes. The class consists of one 3 1/2 hour course. It is tailored to meet your QuickBooks need. The cost is only \$350. If you would like more information on the QuickBooks class, please contact our office! We would love to show you around QuickBooks.

## New 1099 Headache—Starting 2012

### Health reform law hides massive change in 1099 reporting

A few lines buried in the 2,409-page Patient Protection and Affordable Care Act of 2010 (the new health reform law) will require U.S. companies to issue 1099s to every business where they spend \$600 or more, not just individual contract workers. Starting in tax year 2012, the law expands 1099 coverage to tangible goods and services, thereby also expanding not only reporting but data collection for every payee and vendor with which companies do business throughout the year.

**The IRS estimates that the federal government fails to collect \$290 billion a year in tax revenue on income that is not reported. “This new reporting requirement boils down to closing the tax gap,” says John W. Roth, senior tax analyst at CCH, a Wolters**

**Kluwer business. “When third parties are required to report, compliance increases,” he says.**

“Now, transactions previously considered a routine part of doing business will need to be reported to the payee as well as the IRS,” Roth says. For example, under the new rules, a freelancer who buys a new computer from the local Apple Store will have to send Apple a 1099. A company that buys raw materials used in its manufacturing will have to track those purchases throughout the year and send all of its suppliers a 1099 by Jan. 31 that tallies the total spent.

Some details still need to be worked out, Roth says. For example, will a \$599 purchase cross the threshold because of state sales taxes, excise taxes or surcharges? “The IRS has been si-

lent on this so far because of higher priorities, such as the health care mandates and tax changes that will affect tax year 2010.”

The year 2012 seems like a long way off, but because the new 1099 rules pose such a procedural burden, it’s a good idea to start thinking through the issues involved.

“Corporations will need to figure out how they are going to track all this and compile it at the end of the year so they can file 1099s in a timely way,” Roth says. “On the flip side, companies will need to track 1099s as they come in, to make sure they get to the right person and onto the tax return.”

Please contact our office if you have any questions about the new 1099 policies.  
770-920-2890

## All S-Corporations, please beware!

Court advances IRS case against S corporation for underpaying employment taxes

In a recent district court case in which IRS claimed that a portion of the dividend distributions by an S corporation to its sole owner should be re-characterized as wages subject to employment taxes, the court rejected the corporation’s assertion that IRS could not compel the corporation to pay a higher salary to the owner. Accordingly, the court would not order IRS to refund employment taxes paid by the corporation after IRS made the assessment. Rather, it allowed the case to proceed and forced assessed the taxpayer the taxes.

## Do you have a tax interview appointment planned?

Take a moment to look at a few easy way to get more organized for tax time!

- Create an Excel spreadsheet with the specific deductions listed down the far left column. List each tax year along the top from the left (current year) to the right. This allows you to compare you’re your current year with other years. During the year, when you get an amount such as your Ad Valorem tax for your car, you can type in the amount then or us the form as a reminder for important numbers to type in later.
- Have a Support Category called Accounts Paid. This is where all invoices you have paid go. Title each hanging folder by its subject such as: Medical, Childcare, Insurance, etc. At the end of the year, total the invoices in each folder and you have the amount spent for each taxable area.