



YOUR SUCCESS IS OUR BUSINESS

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# NORTH FLORIDA

# CONTACT



MAY 2012

Vol. XXXVI NO. 5



5/15

- Payroll tax deposit due if liability is over \$2500

5/21

- Sales tax reports due

5/28

- Office will be closed for Memorial Day



### Office Hours:

8 am to 5 pm  
Monday - Thursday

**Closed on Fridays  
beginning May 4th**

## Important Dates!

### Semi-Weekly 941 Deposit Due Dates

Payroll Check Date:	Deposit is Due on:
Apr 25-27	May 2
Apr 28-May 1	May 4
May 2-4	May 9
May 5-8	May 11
May 9-11	May 16
May 12-15	May 18
May 16-18	May 23
May 19-22	May 25
May 23-25	May 31
May 26-29	Jun 1
May 30-Jun 1	Jun 6



## NEW LAW REQUIRES EFTPS FOR SALES & USE TAX TO RECEIVE A COLLECTION ALLOWANCE

Starting with returns and payments due in July 2012, only taxpayers who electronically file and pay sales and use tax can deduct a collection allowance.

This change in law will affect returns and payments due beginning in July 2012 for:

- **Monthly** filers' June 2012 tax returns & payments
- **Quarterly** filers' April-June 2012 returns & payments; and
- **Semi-annual** filers' January-June 2012 returns & payments.

### What does this mean for taxpayers?

Sales and use tax dealers, who continue to file paper tax returns and/or pay by check, cash, or money order, will not receive a collection allowance as of July 1. In June, the Florida Department of Revenue ("FL DOR") will mail replacement coupon books to all dealers who use coupons to file quarterly and monthly tax returns. If you choose not to switch to electronic filing and payment, make sure to use the DR-15 or DR-15EZ payment coupons included in your replacement book.

If you wish to continue receiving a collection allowance, enroll for e-Services. The FL DOR will soon issue a Tax Information Publication (TIP) containing more details which will be posted on their website and mailed with the replacement coupon books.

Not sure how to use the free online filing application, contact SBG for assistance at 731-2221.



## 2012 Unemployment Tax Changes

In case you haven't heard, the Florida Legislature passed a bill making several changes to unemployment tax law, including:

- Changing the tax rate calculations.
- Reducing the taxable wage base to \$8,000.
- Renaming "unemployment compensation" to "reemployment assistance."

The changes to the tax rates and taxable wage base apply to the *Employer's Quarterly Report* (Form UCT-6) that was due by April 30, 2012. The Florida Department of Revenue mailed a new *Unemployment Compensation Tax Rate Notice* (Form UCT-20) to employers in late March. If you would like more information on these changes, please contact SBG at 731-2221 or [sbg@smallbg.com](mailto:sbg@smallbg.com).



## Do You Need A 'Fresh Start' on Taxes?

The IRS is expanding its "Fresh Start" initiative for struggling taxpayers. (*IRS News Release 2012-31*)

**Alert:** The updated program provides new penalty relief to the unemployed and opens up installment agreements to more taxpayers.

The Fresh Start program was initiated by the IRS in 2008. Under the new provisions, taxpayers who have been unemployed for 30 days or longer can avoid failure-to-pay penalties. The IRS is also doubling the dollar threshold for taxpayers eligible for installment agreements.

### New Penalty Relief

A six-month grace period on failure-to-pay penalties is available to qualified taxpayers. If you've requested an extension of time to pay, this tax relief for the 2011 tax year is allowed only if the tax, interest and any other penalties are paid in full by Oct. 15, 2012.

The new penalty relief is available to:

- Wage-earners who have been unemployed at least 30 consecutive days during 2011 or in 2012 up to the April 17 deadline for filing a federal tax return.
- Self-employed individuals who experienced a 25% or greater reduction in business income in 2011 due to the economy.

But the penalty relief is subject to certain income limits. Income for joint filers can't exceed \$200,000, while the limit for single filers is \$100,000. In addition, a taxpayer's balance due for 2011 can't be more than \$50,000.

Taxpayers must complete new Form 1127-A, *Application for Extension of Time for Payment of Income Tax for 2011 Due to Undue Hardship*, to obtain the penalty relief. You can find the form at [www.irs.gov/pub/irs-pdf/f1127a.pdf](http://www.irs.gov/pub/irs-pdf/f1127a.pdf).

### Installment Agreements

Now, more taxpayers can use streamlined installment agreements to catch up on back taxes. Effective immediately, the threshold for using an installment agreement without having to supply the IRS with a financial statement rises from \$25,000 to \$50,000. This is a significant reduction in taxpayer burden.

Qualified taxpayers will be able to stretch out payment over six years. The maximum term for streamlined installment agreements has been raised to 72 months from the previous 60-month maximum.

Taxpayers seeking installment agreements exceeding \$50,000 will still need to supply the IRS with a *Collection Information Statement* (Form 433-A or Form 433-F). Taxpayers may also pay down their balance due to \$50,000 or less to take advantage of this payment option.

**Tip:** The IRS website features other online resources that can help taxpayers meet their payment obligations.

## GROW our Business

START  
UP  
HELP

### Do you KNOW an Entrepreneur?

*Refer them to Small Business Group & they will receive a one-on-one consultation...*

**FREE!**

If they sign up with SBG, YOU could receive a credit on next year's client engagement.

Contact SBG at 731-2221



### Fight the 'war of independence': Stick to your guns with IRS

Small business owners often clash with the IRS over the classification of workers. Usually, the employers claim certain employees are independent contractors; the IRS says they're employees.

**Strategy:** If you're challenged by the IRS, don't throw up the white flag so fast. It's an uphill battle, but you can prevail if you have a legitimate grip and stick to your guns.

*Here's the whole story:* If a worker is classified as a "common law employee," you must withhold federal income tax and the employee's share of Social Security and Medicare taxes (FICA). *Even worse:* You must pay the employer's share of Social Security and Medicare taxes and the federal unemployment tax (FUTA). Finally, you must issue Form W-2 for the wages and send a copy to the IRS.

In contrast, if a worker qualifies as an independent contractor, your business doesn't have to worry about federal income tax withholding, the Social Security and Medicare taxes, or FUTA. Nor do you have to provide expensive fringe benefits, like health insurance, that are offered to employees. *But here's the rub:* If you improperly classify a common law employee as an independent contractor, your company could be hit with a bill for unpaid federal employment taxes, plus interest and penalties.

Essentially, it boils down to this: If you have little or no control over the way the worker gets the job done, he or she is an independent contractor. Conversely, if you have the legal right to control how the worker performs the job, he or she is an employee — even if you don't actually exercise that right.

If you are not sure which classification applies in your situation, contact SBG for assistance.