



THIS MONTH:

- ◆ Second Quarter 2014 Due Dates
- ◆ Reporting Changes in Responsible Parties
- ◆ Relief for Late S-Election under Rev. Proc. 2013-30
- ◆ Keep More of Your Paycheck!

Second Quarter 2014 Due Dates

Tuesday, April 15th:

Individuals:

- 2013 Form 1040 due, or file Form 4868 for a 6-month automatic extension.
- Last day to contribute to an IRA and ESA for 2013.
- First installment of 2014 estimated tax due.
- 2013 Form 709, *US Gift Tax Return*, due if more than \$14,000 was gifted to any individual besides a spouse or charity in 2013, or file Form 4868 or 8892 for a 6-month automatic extension.

Partnerships:

- 2013 Form 1065 due, or file Form 7004 for automatic 5-month extension.

Calendar-Year-End C Corporations:

- First installment of 2014 estimated tax due.

Wednesday, April 30th:

Employers:

- File Form 941 for 1st quarter 2014.

Thursday, May 15th:

Partnerships & S Corporations:

- File Form 8752 if on fiscal year under Section 444 election.

Monday, June 16th:

Individuals:

- 2nd installment of 2014 estimated tax due.
- 2013 Form 1040 due for U.S. citizens or resident aliens living/working (or active duty military) outside the U.S. or Puerto Rico or file Form 4868 for 6-month automatic extension.

Calendar-Year-End C Corporations:

- Second installment of 2014 estimated tax due.

Reporting Changes in Responsible Parties

Beginning with 2014, it is mandatory that businesses report changes in responsible parties to the Internal Revenue Service. For non-publicly traded entities, a responsible party is the person who has a level of control over, or entitlement to, the funds or assets in the entity that as a practical matter enables the individual, directly or indirectly, to control, manage, or direct the entity and the disposition of its funds or assets. For most small businesses, this is the primary owner of the entity.

Within 60 days of a change in responsible parties, the entity must file form 8822-B, *Change of Address or Responsible Party-Business* with the IRS to report the change. Although there are no direct penalties for failing to file the form, a failure to receive a notice of deficiency or demand for tax, the penalties and interest will continue to accrue, even though the responsible party fails to receive the notices.

All businesses with EINs should review their SS-4, *Application for Employer Identification Number*, and file Form 8822-B with the IRS to update any changes in business addresses and responsible parties, as soon as possible.

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Relief for Late S-Election under Rev. Proc. 2013-30

In August 2013, the IRS issued Rev. Proc. 2013-30 that consolidates and simplifies rules provided previously. Taxpayers now have 3 years and 75 days from the date the S-election was originally intended to be effective to file a late S-election. No user fee will apply. The election will be effective as of that intended date. To qualify for relief, the corporation must meet the following:

- The S-election would have been effective had the Form 2553 been submitted timely.
- The failure to qualify as an S-corporation was solely because the election was not submitted timely.
- The corporation has reasonable cause for its failure to file timely and acted diligently to correct the error.

The entity must properly complete the Form 2553 with "FILED PURSUANT TO REV. PROC. 2013-30" written at the top of the form. Form 2553 must include a "Statement of Reasonable Cause," and file under one of the following parameters:

- Attaching Form 2553 to the current Form 1120S, as long as the return is filed within 3 years and 75 days of the intended effective date without considering extensions AND all prior returns between the intended effective date and the current were filed as an 1120S. You must write on the top of the 1120S "INCLUDES LATE ELECTION(S) FILED PURSUANT TO REV. PROC. 2013-30."
- Attaching Form 2553 to one of the S-corporation's late filed prior years Form 1120S. All delinquent S-corp returns must be filed simultaneously and consistently with the requested relief. You must write on the top of each 1120S "INCLUDES LATE ELECTION(S) FILED PURSUANT TO REV. PROC. 2013-30."
- Filing the Form 2553 independently of the Form 1120S. The Form 2553 can be mailed to the Applicable Service Center as indicated by the mailing address of the entity's Form 1120S.

Keep More of Your Paycheck!

Many taxpayers have filed their 2013 income tax returns and found that they had a large refund. In fact, the average refund check from the IRS is over \$3,000. You can put that money in your pocket each pay day, rather than waiting until the end of a year for your refund. To change the amount of withholding, update Form W-4, *Employee's Withholding Allowance Certificate* with your employer. Your most recent income tax return, pay check stub, and the Form W-4 worksheet should be used to modify your withholding status to convert your annual refund into weekly paycheck increases. Consult your local Padgett office for assistance.

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PADGETT BUSINESS SERVICES® is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.

PENALTY NOTICE: As required by U.S. Treasury regulations, you are advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the Internal Revenue Code.