

THIS MONTH:

- ◆ 2nd Quarter Due Dates
- ◆ The Economy and Employee Theft
- ◆ 2011 Offshore Voluntary Disclosure Initiative
- ◆ Business Value: Internet Estimate v. Real Appraisal

2nd Quarter 2011 Due Dates

Monday, April 18:

- *Individuals:* 2010 Form 1040 due, or file Form 4868 for an automatic 6-month extension. Last day to contribute to an IRA and ESA for 2010. First installment of 2011 estimated tax due. 2010 Form 709, *US Gift Tax Return*, due if more than \$13,000 was gifted to any individual other than a spouse or charity in 2010.
- *Partnerships:* 2010 Form 1065 due, or file Form 7004 for automatic 5-month extension.
- *Calendar-Year-End C Corporations:* First installment of 2011 estimated tax due.

Monday, May 2nd:

- *Employers:* File Form 941 for 1st quarter 2011.

Tuesday, May 17:

- *Partnerships & S Corporations:* Form 8752 due for those using a fiscal year under a Section 444 election.

Wednesday, June 15:

- *Individuals:* Second installment of 2011 estimated tax due for individuals. 2010 Form 1040 due for U.S. citizens or resident aliens living and working (or on active military duty) outside the U.S. and Puerto Rico, or file Form 4868 for 6-month extension.
- *Calendar-Year-End C Corporations:* Second installment of 2011 estimated tax due.

The Economy and Employee Theft



When the economy takes a dip, business owners often see a spike in employee theft. Small business owners tend to be particularly susceptible. Many accounting software applications have a tool that, with minimal effort, can help you spot problems. Take a close look at your vendor list and the dollar amounts spent with them over the last six months. Look for any vendors you don't recognize and see if you find a trend in the changes to the amount spent with those vendors. The check register also offers a good tool for evaluation. Look at vendor names and see if checks have been written on a regular schedule. For example, while rent, telephone and electric bills are monthly, cleaning and other services may be weekly. If you notice a change in the frequency of payments or that a vendor's name appears more often than it should, take a closer look. Discussing this with a local Padgett office will help provide some clarity on these issues.

2011 Offshore Voluntary Disclosure Initiative

The IRS is offering people with undisclosed income from offshore accounts an opportunity to participate in a new, voluntary disclosure initiative in order to get current on their tax returns. The 2011 Offshore Voluntary Disclosure Initiative (OVDI) will be available only through Aug. 31, 2011.

This is the second special disclosure initiative for taxpayers with foreign accounts. Since the first special voluntary disclosure program closed with 15,000 voluntary disclosures on Oct. 15, 2009, more than 3,000 taxpayers have come forward with bank accounts from around the world. The new initiative will allow these tax payers to participate.



The new initiative includes a higher overall penalty structure for 2011, meaning that those who did not come forward in 2009 will not be rewarded for waiting. However, the 2011 initiative does add new features.

The new penalty framework requires individuals to pay a penalty of 25 percent of the amount in the foreign bank accounts in the year with the highest aggregate account balance covering the 2003 to 2010 time period. Some taxpayers will be eligible for 5 or 12.5 percent penalties. Participants also must pay back-taxes and interest for up to eight years as well as paying accuracy related and/or delinquency penalties.

A new penalty category of 12.5 percent was created for treating smaller offshore accounts. People whose offshore accounts or assets did not surpass \$75,000 in any calendar year covered by the 2011 initiative will qualify for this lower rate.

Talk to your Padgett office for more information on the 2011 OVDI or visit www.irs.gov and search 2011 Offshore Voluntary Disclosure Initiative.

Business Value: Internet Estimate v. Real Appraisal

You can find almost any information you want on the internet, but not all if it will be accurate. When valuing a business, there are some factors an appraisal will consider that an online estimating tool will not. A business that does not vary much in its operation can be valued using a simple formula of 1.5 x annual sales, but it is rarely that simple. In most cases there are a number of factors that require an expert evaluation. So if you are merely curious about your business' value, the internet can give you a rough estimate, but if you're selling, or valuing a business for tax reasons, you want the most accurate appraisal possible. In the latter case, hire a professional and you will likely save some money.

PADGETT BUSINESS SERVICES®
WHERE YOUR SUCCESS TAKES ROOTSM



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.