

THIS MONTH:

- ◆ 1st Quarter Due Dates
- ◆ 2012 Standard Mileage Rates
- ◆ Voluntary Classification Settlement Program Update!
- ◆ FBAR Filing Requirements FAQ's

1st Quarter 2012 Due Dates

January 16:

- *Individuals:* Fourth quarter 2011 estimated tax payments due (final installment).

January 31:

- *Employers:* Give your employees their copies of Form W-2 for 2011. File Form 941 for 4th quarter 2011, or annual Form 944. File Form 940 for 2011.
- *Businesses:* Distribute Form 1099 to recipients for 2011.

February 15:

- *Employees:* Submit a new Form W-4 to your employer.

February 28:

- *Employers:* File Form W-3 with Copy A of all Forms W-2, and Form 1096 with Copy A of all Forms 1099. Large food or beverage establishments file Form 8027 to report 2011 tip income, reported tips, and allocated tips.

March 15:

- *Calendar-Year Corporations:* 2011 income tax return (Forms 1120 and 1120S) due, or file Form 7004 for an automatic six-month extension. Provide shareholders with copy of Schedule K-1 (Form 1120S.)
- *C Corporations & LLCs:* File Form 2553 to choose to be treated as an S corporation beginning on January 1, 2012.

2012 Standard Mileage Rates

Beginning January 1st 2012, the standard mileage rates for the use of a car will be:

- 55.5 cents per mile for business miles
- 23 cents per mile driven for medical/ moving
- 14 cents per mile charitable service

Voluntary Classification Settlement Program (VCSP) Update!

Earlier this year, the IRS launched the VCSP which allows employers to reclassify their workers who were previously labeled "independent contractors" in error as employees for future tax periods.

IRS Update:

- 1) The VCSP application (or rejection of) will not automatically trigger initiation of a Federal audit.
- 2) The VCSP concerns future years only. A taxpayer that signs a VCSP closing agreement is not admitting liability or wrongdoing for past periods.
- 3) The VCSP filing of Forms 1099 Requirement states "a taxpayer will be eligible for the VCSP if it files the required Forms 1099 within 6 months of their due date (including extensions)."
- 4) The VCSP permits taxpayers to reclassify *some or all* of their workers; However, once a taxpayer chooses to reclassify its workers as employees, all workers in the same class must be treated as employees for tax purposes.
- 5) The IRS will not share information about VCSP applicants with the Department of Labor or with States.



FBAR Filing Requirement FAQ's

Q. What is an FBAR?

A. An FBAR is a Report of Foreign Bank and Financial Accounts. The form number is TD F 90-22.1. FBAR rules were established to protect against international terrorism. The reports filed as a result of this regulation provide leads to investigators that facilitate the identification and tracking of illicit funds or unreported income, as well as providing additional prosecutorial tools to combat money laundering and other crimes.

Q. Who must file an FBAR?

A. Any US person who has a financial interest in or signature authority or other authority over any financial account in a foreign country, if the aggregate value of these accounts exceeds \$10,000 at any time during the calendar year.

Q. What constitutes signature or other authority over an account?

A. A person has signature authority over an account if such person can control the disposition of money by delivery of a document containing his or her signature.

Q. When is the FBAR due?

A. The FBAR is due by June 30 of the year following the year that the account holder meets the \$10,000 threshold. An extension to file Federal income tax returns does not extend the due date for filing an FBAR. Filers cannot request an extension of the FBAR.

Q. What happens if an account holder is required to file an FBAR and fails to do so?

A. Failure to file an FBAR when required to do so may potentially result in civil penalties, criminal penalties or both.

- **Failure to File Penalty** – up to \$250,000 and/or up to 5 years in prison for any person "willfully violating" the requirements to file.
- **Fraud Penalty** – up to \$500,000 and/or up to 10 years in prison for any person "willfully violating" the requirements to file "as part of a pattern of any illegal activity involving more than \$100,000 in a 12-month period."
- **False Information Penalty** – fine or up to 5 years in prison for any person providing false, misleading, fictitious, or fraudulent statements on TD F 90-22.1; or up to 8 years in prison if the false information involves domestic or foreign terrorism.

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