

THE Wisconsin Accountant

2010 Seminars

May 21
Quick Books
by Intuit
Green Bay
Radisson Hotel
(800) 333-3333

June 21 - 22
Summer Seminar
Compilation
by Bob Jennings
Madison
Sheraton Hotel
(608) 251-2300

September 19 - 21
WAA Annual Convention
Wisconsin Dells
Wilderness Hotel
(800) 867-9453

September 30 - Oct 1
Bob Jennings
Business Entities
Wisconsin Dells
Kalahari Resort
(877) 254-5466

October 18 - 19
Federal Tax Update
Wausau
Stoney Creek Inn
(715) 355-6858

November 1 - 2
Gear Up 1040
Waukesha
Country Springs Hotel
(800) 247-6640

November 29 - 30
Bob Jennings
1040 Update
Wisconsin Dells
Kalahari Resort
(877) 254-5466

December 6 - 7
Gear Up 1040
Hudson
Hudson House Inn
(715) 386-2394

Wisconsin Association of Accountants ■ 1-800-237-4080 - 715-425-0482 - www.wiassociationofaccountants.com

New for 2010: Tax Credit Helps Small Employers Provide Health Insurance Coverage

Submitted by IRS

Married and Co-Purchasing Homebuyers

New for 2010: Tax Credit Helps Small Employers Provide Health Insurance Coverage

IR-2010-38, April 1, 2010

WASHINGTON — Many small businesses and tax-exempt organizations that provide health insurance coverage to their employees now qualify for a special tax credit, according to the Internal Revenue Service.

Included in the health care reform legislation, the Patient Protection and Affordable Care Act, approved by Congress and signed by President Obama on March 23, the credit is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have. In general, the credit is available to small employers that pay at least half the cost of single coverage for their employees.

"This credit provides a real boost to eligible small businesses by helping them afford health coverage for their employees," said IRS Commissioner Doug Shulman. "We urge small businesses and tax-exempt employers to look closely at this important tax break - which is already effective - to see if they qualify."

The maximum credit is 35 percent of premiums paid in 2010 by eligible small business employers and 25 percent of premiums paid by eligible employers that are tax-exempt organizations. In 2014, this maximum credit increases to 50 percent of premiums paid by eligible small business employers and 35 percent of premiums paid by eligible employers that are tax-exempt organizations.



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Executive Corner . . .



**Byron Dopkins,
Executive Director**

Another busy tax season is behind us and I don't know how this one ranks with others. I do know the office efficiencies that we have implemented over the years have allowed us to complete more tax returns. I don't think the hours have reduced at all. After a couple of tax season's that finished poorly, mostly due to employee "snags", this one finished nicely, even so I was still ready to be done.

I am really looking forward to seeing many of you in Green Bay at the Radisson for our Quick Books update. It is a great update with an outstanding instructor at a great location. Some will enjoy the casino and what that brings, but it will be a great opportunity to network with others, compare notes and new office procedures.

On a quick note, anyone preparing financial statements needs to attend the summer seminar in June at the Sheraton Hotel with Bob Jennings presenting on compilation. A lot of things have changed with rules and requirements. Check our website for more info. You can't afford to miss this one - we should have a full house!

Byron L Dopkins, EA, ABA
WAA Executive Director

From the President . . .



**Bill Suttner,
President**

Congratulations on surviving another successful and rewarding tax season. The accounting profession has become challenging and demanding throughout the year, but it is always nice to turn the page on the calendar and see April 15th. I hope that you can take a little time off in between getting things caught up around the office.

It appears that congress will keep us busy during the upcoming year trying to gain expertise to advise our clients as a result of the health care legislation and the HIRE Act, just to name a few. I am sure the WAA will be addressing these topics at upcoming seminars and I hope to see you there.

Have a great spring!

Bill Suttner, CPA
WAA President

WAA Benefits

- Seminars and Educational Forums
- Accreditation
- Local Chapter Involvement
- Government Agency Liaison
- Monitor Legislation
- Insurance Programs
- Accountants Protection Plan

WAA Objectives

- To raise professional standards and improve the practice of accountancy.
- To strive for excellence in the profession.
- To encourage accountants in a continuing program of professional development.
- To foster increased recognition for the professional in the public, private and educational sectors of our state.
- To initiate legislative action and provide government liaison between the accounting profession and government leaders.
- To provide meetings and fellowship for accountants.
- To promote the highest standard of ethical conduct among its member.

New for 2010: Tax Credit Helps Small Employers Provide Health Insurance Coverage *continued from page 1*

The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ low and moderate income workers. It is generally available to employers that have fewer than 25 full-time equivalent (FTE) employees paying wages averaging less than \$50,000 per employee per year. Because the eligibility formula is based in part on the number of FTEs, not the number of employees, many businesses will qualify even if they employ more than 25 individual workers.

The maximum credit goes to smaller employers – those with 10 or fewer FTEs – paying annual average wages of \$25,000 or less.

Eligible small businesses can claim the credit as part of the general business credit starting with the 2010 income tax return they file in 2011. For tax-exempt employers, the IRS will provide further information on how to claim the credit.

The IRS will use postcards to reach out to millions of small businesses that may qualify for the credit. The postcards will encourage small business owners to take advantage of the credit if they qualify.

More information about the credit, including tax tips, guides and answers to frequently asked questions, is now available on the IRS Web site, IRS.gov.

Check Carefully Before Applying for Offers in Compromise

Submitted by IRS

IR-2004-17, Feb. 3, 2004

WASHINGTON – The Internal Revenue Service today issued a consumer alert advising taxpayers to beware of promoters' claims that tax debts can be settled for "pennies on the dollar" through the Offer in Compromise Program.

Some promoters are inappropriately advising indebted taxpayers to file an Offer in Compromise (OIC) application with the IRS. This bad advice costs taxpayers money and time. An Offer In Compromise is an agreement between a taxpayer and the IRS that resolves the taxpayer's tax debt. The IRS has the authority to settle, or "compromise," federal tax liabilities by accepting less than full payment under certain circumstances.

"This program serves an important purpose for a select group of taxpayers. But we are increasingly concerned about unscrupulous promoters charging excessive fees to taxpayers who have no chance of meeting the program's requirements," said IRS Commissioner Mark W. Everson. "We urge taxpayers not to be duped by high-priced promises."

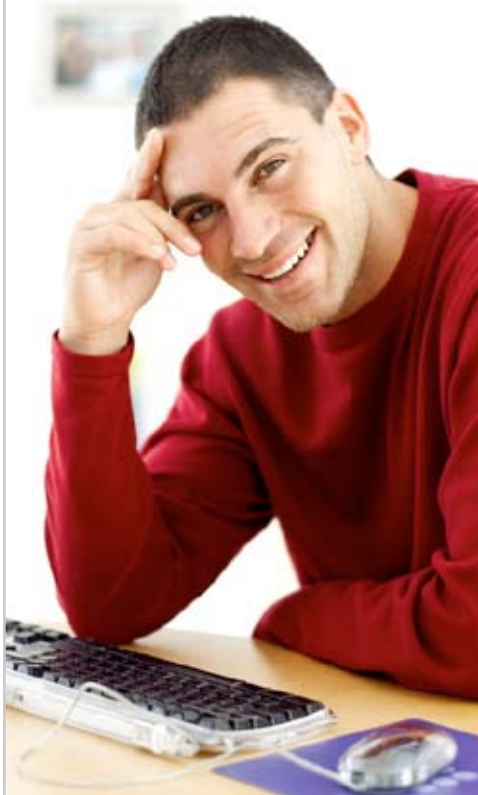
The OIC may be considered only after other payment options have been exhausted. If taxpayers are unable to pay their taxes in full, there are other payment options, such as monthly installment agreements, that must be explored before an OIC can be submitted.

The IRS.gov Web site contains complete information on the collection process and payment options. Publication 594, The IRS Collection Process, also provides helpful information on the options available to taxpayers. Taxpayers also should review Form 656, Offer In Compromise, or Form 9465, Installment Agreement Request, to determine if they qualify for either payment program. Form 656 provides detailed instructions for submitting an offer and includes all of the necessary financial forms.

Some taxpayers may be exempt from the \$150 OIC fee depending on income or whether the OIC is based solely on doubt as to tax liability. Taxpayers who claim the poverty guideline exception must certify their eligibility using Form 656-A, Income Certification for Offer in Compromise Application Fee. The poverty guideline exception applies only to individuals.

All publications and forms are available at IRS.gov or taxpayers may order copies by calling 1-800-829-3676. All publications and forms are available free. Taxpayers may feel they need the assistance of a qualified tax professional to prepare and submit an OIC. Taxpayers may contact local or state tax professional associations for enrolled agents, CPAs or attorneys to locate someone in their geographic area that has the education and experience to assist them.

*The mind is
everything.
What you think;
You become.*



Special Payroll Tax Exemption Form Now Available

Submitted by IRS

WASHINGTON — The Internal Revenue Service today released a new form that will help employers claim the special payroll tax exemption that applies to many newly-hired workers during 2010, created by the Hiring Incentives to Restore Employment (HIRE) Act signed by President Obama on March 18.

New Form W-11, Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit, is now posted on IRS.gov, along with answers to frequently-asked questions about the payroll tax exemption and the related new hire retention credit. The new law requires that employers get a statement from each eligible new hire, certifying under penalties of perjury, that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for anyone during the 60-day period. Employers can use Form W-11 to meet this requirement.

Most eligible employers then use Form 941, Employer's Quarterly Federal Tax Return, to claim the payroll tax exemption for eligible new hires. This form, revised for use beginning with the second calendar quarter of 2010, is currently posted as a draft form on IRS.gov and will be released next month as a final along with the form's instructions.

Though employers need this certification to claim both the payroll tax exemption and the new hire retention credit, they do not file these statements with the IRS. Instead, they must retain them along with other payroll and income tax records.

The HIRE Act created two new tax benefits designed to encourage employers to hire and retain new workers. As a result, employers who hire unemployed workers this year (after Feb. 3, 2010, and before Jan. 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from the employer's share of social security tax on wages paid to these workers after March 18. This reduction will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. In addition, for each unemployed worker retained for at least a year, businesses may claim a new hire retention credit of up to \$1,000 per worker when they file their 2011 income tax returns.

These two tax benefits are especially helpful to employers who are adding positions to their payrolls. New hires filling existing positions also qualify but only if the workers they are replacing left voluntarily or for cause. Family members and other relatives do not qualify for either of these tax incentives.

Businesses, agricultural employers, tax-exempt organizations, tribal governments and public colleges and universities all qualify to claim the payroll tax exemption for eligible newly-hired employees. Household employers and federal, state and local government employers, other than public colleges and universities, are not eligible. Visit IRS.gov for details.

New Page on IRS.gov to Help Small Employers with Tax Credit for Providing Health Insurance Coverage

Submitted by IRS e-news

The IRS has updated IRS.gov to provide information to small employers regarding the new tax credit for providing health coverage.

The new features includes:

- A graphic to help employers quickly determine if they qualify for the credit ,
- Scenarios that explain how much certain businesses and exempt organizations would benefit from the credit,
- Tax tips on taking the credit and
- Questions and answers.

The IRS encouraged small employers to carefully consider the tax credit.

Federal Roth IRA Conversion Law Adopted for Wisconsin

Submitted by Wisconsin Department of Revenue

On March 15, 2010, Governor Doyle signed 2009 Act 161. The pension and IRA contribution limits that will apply for the federal tax purpose for 2011 will also apply to Wisconsin.

All taxpayers may convert a traditional IRA to a Roth IRA, even in those cases where the taxpayer's adjusted gross income exceeds \$100,000. No penalties will apply on the conversion.

Taxpayers who make the conversion in 2010 may postpone payment of tax on the converted amount until they file their 2011 and 2012 income tax returns or they may elect to report the entire taxable amount on their 2010 returns.

The pension and IRA contribution limits that will apply for federal tax purposes for 2011 will also apply for Wisconsin.

In addition, this Act also adopts certain provisions of the federal Heroes Earnings Assistance and Relief Tax Act of 2008. Among the provisions adopted are:

- The treatment of qualified reservist retirement plan distributions.
- Military death benefits may be contributed to Roth IRA or Coverdell ESA.
- State or local bonuses for combat veterans are not taxable income.
- Differential pay treated as wages for purposes of employer benefits.

Taxpayers who filed a 2008 or 2009 Wisconsin income tax return and adjusted for the difference between the Wisconsin and federal treatment of any of these items, may now file an amended Wisconsin income tax return (Form 1X) to reverse the adjustment. Taxpayers who have not as yet filed their 2009 Wisconsin income tax returns may ignore the Schedule I adjustment for these four items.

Two New Tax Benefits Aid Employers Who Hire and Retain Unemployed Workers

Submitted by IRS Newswire

WASHINGTON — Two new tax benefits are now available to employers hiring workers who were previously unemployed or only working part time. These provisions are part of the Hiring Incentives to Restore Employment (HIRE) Act enacted into law today.

Employers who hire unemployed workers this year (after Feb. 3, 2010 and before Jan. 1, 2011) may qualify for a 6.2-percent payroll tax incentive, in effect exempting them from their share of Social Security taxes on wages paid to these workers after the date of enactment. This reduced tax withholding will have no effect on the employee's future Social Security benefits, and employers would still need to withhold the employee's 6.2-percent share of Social Security taxes, as well as income taxes. The employer and employee's shares of Medicare taxes would also still apply to these wages.

In addition, for each worker retained for at least a year, businesses may claim an additional general business tax credit, up to \$1,000 per worker, when they file their 2011 income tax returns.

"These tax breaks offer a much-needed boost to employers willing to expand their payrolls, and businesses and nonprofits should keep these benefits in mind as they plan for the year ahead," said IRS Commissioner Doug Shulman.

The two tax benefits are especially helpful to employers who are adding positions to their payrolls. New hires filling existing positions also qualify but only if the workers they are replacing left voluntarily or for cause. Family members and other relatives do not qualify.

In addition, the new law requires that the employer get a statement from each eligible new hire certifying that he or she was unemployed during the 60 days before beginning work or, alternatively, worked fewer than a total of 40 hours for someone else during the 60-day period. The IRS is currently developing a form employees can use to make the required statement.

Businesses, agricultural employers, tax-exempt organizations and public colleges and universities all qualify to claim the payroll tax benefit for eligible newly-hired employees. Household employers cannot claim this new tax benefit.

Employers claim the payroll tax benefit on the federal employment tax return they file, usually quarterly, with the IRS. Eligible employers will be able to claim the new tax incentive on their revised employment tax form for the second quarter of 2010. Revised forms and further details on these two new tax provisions will be posted on IRS.gov during the next few weeks.

Special Pricing for the WAA



Our association receives a donation for each product purchased under this special discount code - and you receive a discounted price on every product! The WAA discount code is G850. Go to quickfinder.thompson.com to place your order.