

THE Wisconsin -Accountant

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

2012 Seminars

May 11
Non Profit Organizations
by Andy Holman
Green Bay
Radisson Hotel
(800) 333-3333

June 21 - 22
Summer Seminar
Accounting Compilation
by Gear Up
Madison
Sheraton Hotel
(608) 251-2300

September 9 - 11
WAA Annual Convention
Sturgeon Bay
Stone Harbor Resort
(877) 746-0700

October 8 - 9
Bob Jennings
Business Tax Updates
Wisconsin Dells
Kalahari Resort
(877) 254-5466

October 22 - 23
Federal Tax Update
Wausau
Stoney Creek Inn
(715) 355-6858

November 5 - 6
Gear Up 1040
Waukesha
Country Springs Hotel
(800) 247-6640

November 26 - 27
Bob Jennings
1040 Update
Wisconsin Dells
Kalahari Resort
(877) 254-5466

December 3 - 4
Gear Up 1040
Hudson
Hudson House Inn
(715) 386-2394

Social Security Tax Withholding to Stay at 4.2% for First Two Months of 2012

Submitted by Ashwaubenon Tax Professionals

Starting January 1, 2011, taxpayers have enjoyed a 2% reduction in the Social Security Taxes when the withholding rate decreased from 6.2% to 4.2%. Self-employed taxpayers also enjoy this reduction of 2%, paying 10.4% in Social Security taxes compared to the normal 12.4%. This reduction originally only applied to wages and self-employed income for the calendar year 2011.

Congress finally agreed on and President Obama has signed into law a two-month extension of this reduction. Therefore, the lower Social Security tax rate of 4.2% continues to apply to all wages paid through the end of February 2012.

Catch: Those taxpayers who earn more than \$18,350 during this 2-month period of time will have a recapture tax on their 2012 income tax returns. This recapture tax is equal to the amount of the 2% savings they have on any earned income in excess of the \$18,350 during the 2-month period from January 1, 2012 – February 29, 2012. This tax will be located in the same section as the SE tax and other recapture taxes (not able to be offset by the normal credits).

The \$18,350 amount is based on the maximum earnings subject to Social Security taxes in 2012 of \$110,100 prorated down to 2 months. Doesn't the recapture tax sound like fun? We can't wait until IRS lets us know how this will be determined but we are guessing taxpayers will have to be able to prove their earnings received through February 29, 2012, so you may want to advise your clients to keep their paycheck stubs for the last payday on or before February 29.

4.2%



WAA Officers

OFFICERS

President:

Glen Johnson, EA, ABA, ATA
3707 Hamilton Av
Altoona, WI 54720
(715)832-5779
glenjohnson@ameritech.net

Vice Presidents:

Jolynn McIntosh, CPA
1124 17th Av
Monroe, WI 53566
(608)328-8341
jtmcintosh@tds.net

Steve Smith, EA, ABA, ATA
34 North 4th St
Black River Falls, WI 54615
(715)284-4419
sjsmith2277@charter.net

Secretary:

De Anne Chappell, EA, ABA, ATP, ATA
PO Box 68
Boscobel, WI 53805
(608)375-2727
aai@mwt.net

Treasurer:

Darcie Weissmiller, EA, ABA
PO Box 307
Medford, WI 54451
(715)748-4110
darcie-mayeracctg@charter.net

NSA State Director:

Jim Weickgenant, EA, ATA
612 S Blvd
Baraboo, WI 53913
(608)356-9494
jim@JDWTax.com

Past President:

Thomas M Adler, CPA, ATA, ATP
1110 Fourier Dr Ste 110
Madison, WI 53717
(608)664-1944
tadler@adlercpa.com

Directors:

Mark Burbey, CPA
900 S 10th St
Manitowoc, WI 54220
(920)682-6661
mburbey@burbeycpa.com

John M Arndt, CPA
15050 W North Av
Brookfield, WI 53005
(414)444-4340
arndt.consulting.john@gmail.com

Mark Nelson, Sr, EA, ABA
2581 S Kinnickinnic Av
Milwaukee, WI 53207
(414)481-6812
mark@ntatax.com

Joe Suttner, CPA
PO Box 187
Chilton, WI 53014
(920)849-9346
jcs@suttnercpa.com

WAA OFFICE

Byron Dopkins, WAA Executive Director
PO Box 356, River Falls, WI, 54022
715-425-0482 • 1-800-237-4080

Executive Corner . . .



**Byron Dopkins,
Executive Director**

As I look out my window and the snow is falling and blowing off my office roof, I know we are in for a typical winter in Wisconsin. Your WAA board has planned a schedule of seminars for 2012 in beautiful hotels spread through out the state. There will be something for everyone covering topics varied from Non Profits and 990 to Gear Up Accounting to many differing approaches to income tax in the fall, business and personal taught by professional speakers who also do taxes on a regular basis.

Our convention in September at the Stone Harbor Resort in Sturgeon Bay will feature many speakers on many topics. Our calendar of events will be out soon. The specific dates and locations are available on our website.

Remember in the busy time – get adequate rest and eat healthy food – we will see you in the spring!

Byron L Dopkins, EA, ABA
WAA Executive Director

From the President . . .



**Glen Johnson,
President**

Upon completing our first deadline of our trying time of year which included W-2's, payroll tax reports, and 1099's we switch gears and ramp up for the upcoming income tax deadlines. I can't stress enough how important it is to keep notes on your practice's weaknesses and let us know what areas you would like to get additional training and we will see if the WAA can meet your needs.

The association prides itself on the quality of the work our members put out. Don't hesitate to call another member who may have the knowledge you are looking for when trying to solve a problem or pull out a manual from a past seminar. Stay busy and have a great tax season.

Glen Johnson, EA, ABA, ATA
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.

IRS and Treasury Department Publish Temporary Regulations on Treatment of Tangible Property

Submitted by IRS

WASHINGTON—The Internal Revenue Service and Treasury Department today published in the Federal Register temporary regulations that provide guidance to taxpayers on the treatment of amounts paid to acquire, produce or improve tangible property and regarding the accounting for, and dispositions of, property subject to depreciation. These regulations provide objective standards and bright-line rules intended to simplify compliance with the capitalization provisions contained in section 263(a) of the Internal Revenue Code.

The temporary regulations generally are effective for expenditures made on or after Jan. 1, 2012, and therefore these regulations do not affect taxpayers' 2011 tax returns. The IRS and Treasury Department anticipate publishing additional guidance that will advise taxpayers regarding how to obtain automatic consent to change to a method of accounting provided in the temporary regulations for taxable years beginning on or after Jan. 1, 2012. These automatic consent requests may be filed beginning with taxpayers' 2012 tax returns. Taxpayers may not request a change to a method described in the temporary regulations on their 2011 tax returns.

The temporary regulations also were released as a notice of proposed rulemaking, offering taxpayers the opportunity to comment on the rules. Written comments are requested by March 26, 2012, and a public hearing on the regulations is scheduled for April 4, 2012.

Standard Mileage Rates Starting January 1, 2012

Submitted by Ashwaubenon Tax Professionals

Instead of using the business portion of the actual expenses of operating a vehicle, the IRS permits taxpayers to use a standard mileage rate. IRS has issued new rates that are effective for travel on or after January 1, 2012.

Business rate remains at 55.5 cents per mile. The depreciation portion of this rate is 23 cents per mile.

Charitable rate is 14 cents per mile and is set by Congress therefore does not change until Congress makes such a change.

Medical and moving rate is 23 cents per mile (down from the 23.5 cents per mile applicable for July 1-December 31, 2011 period).

This Notice 2012-01 can be found at www.irs.gov/pub/ by clicking on irs-drop and then clicking on "n-12-01".



Listed Property Limits for 2011

Submitted by Ashwaubenon Tax Professionals

IRC §280F (listed property) provides ceilings on the amount of depreciation and §179 that can be claimed on passenger automobiles, light duty trucks and vans. The limitations listed below apply to vehicles first placed in service in the calendar year 2011. These limits are multiplied by the taxpayer's business use percentage of the vehicle.

** Limits for passenger automobiles

The §280F limits for passenger automobiles first placed in service during the calendar year 2011 that are neither trucks nor vans:

- Year 1 - \$3,060 (+8,000 if bonus depreciation is used)
- Year 2 - 4,900
- Year 3 - 2,950
- Year 4 & after - 1,775

** Limits for trucks and vans

The §280F limits for trucks and vans first placed in service during the calendar year 2011 are:

- Year 1 - \$3,260 (+8,000 if bonus depreciation is used)
- Year 2 - 5,200
- Year 3 - 3,150
- Year 4 & after - 1,875

There are also two lease inclusion tables for 2011: 1) passenger automobiles, and 2) light duty trucks and vans. The inclusion amounts begin when the FMV of the vehicles exceed 1) \$18,500 and 2) \$19,000, respectively. The tables can be found in Revenue Procedure 2011-21 which can be found at www.irs.gov/pub/ by clicking on irs-drop and then on rp-11-21.



Voluntary Classification Settlement Program

Submitted by Ashwaubenon Tax Professionals

Announcement 2011-64 gives businesses an opportunity to reclassify independent contractors as employees going forward. IRS Form 8952 is used by businesses to apply for this reclassification opportunity.

Briefly a business that applies for and is accepted into this program:

- 1) Receives audit protection backwards in connection with these reclassified workers,
- 2) Pays only 10% of the normal employer tax liability that may be due for the most recent tax year, and
- 3) Is not liable for interest and penalties on the amount.

In exchange the business gives IRS a six-year statute of limitation on the following three years' employment taxes.

To be eligible:

- 1) The business cannot currently be under audit by IRS, the Department of Labor, or a state or local agency. If the business has previously been audited, the business has to be currently complying with the directions of that audit.
- 2) The business must have consistently treated the workers as independent contractors.
- 3) The business must have filed all Forms 1099 for the prior years.

Other details can be found in Announcement 2011-64.

Identity Protection PIN

Submitted by Ashwaubenon Tax Professionals

There is a place at the bottom of page 2 of the Form 1040 asking for an IP PIN. This is an Identity Protection PIN. Taxpayers who are victims of identity theft involving income tax returns find out when IRS contacts them stating more than one tax return was filed with their information or that IRS records show wages from an employer the taxpayer has not worked for in the past. IRS is trying to help these victims by issuing them an IP PIN. Entering the IP PIN on the taxpayer's return will help IRS determine if the return is the real return for the taxpayer and not another identity theft return.

IRS issued a letter in November informing taxpayers they would be receiving another letter in mid-December that would contain this IP PIN. Entering this IP PIN on the return will speed up the processing. If a taxpayer has been issued an IP PIN and does NOT enter it on the return that is being e-filed, the return will receive a reject notice and have to be paper filed. If a taxpayer is paper filing the return, the IP PIN should be entered in the box to help speed up the processing. Failure to include the IP PIN on the returns for victims who have received the letter will likely result in a lengthy delay in the processing of their returns.

A new IP PIN will be issued to each victim each tax year, therefore the taxpayer does not have to remember a IP PIN from one year to the next. If a taxpayer loses the letter, the taxpayer's return will have to be paper filed. IRS is not able to retrieve a taxpayer's IP PIN

A taxpayer who believes they are at risk of identity theft due to lost or stolen personal information can contact IRS so the agency can take action to secure their tax account. They can contact the IRS Identity Protection Specialized Unit at 800-908-4490. The taxpayer will be asked to complete Form 14039, IRS Identity Theft Affidavit.

This IP PIN is just one more way IRS is trying to help detect identity theft in tax matters. In 2010 IRS began marking the accounts of deceased taxpayers to prevent misuse by identity thieves.

More information on this should be available on www.irs.gov. We can also send you three pdf documents attached to an email upon request.

This newsletter was designed for the WAA by:



HUB 70
Design & Print

From design to print...
turning your creative vision into reality

Brochures
Newsletters

Direct mail
Business cards

Postcards
Letterhead

& MORE

214 N Main St.
River Falls, WI 54022
Tel 715.426.1750

nancy@hub70.com
www.hub70.com

Identity Protection PIN

Submitted by Ashwaubenon Tax Professionals

There is a place at the bottom of page 2 of the Form 1040 asking for an IP PIN. This is an Identity Protection PIN. Taxpayers who are victims of identity theft involving income tax returns find out when IRS contacts them stating more than one tax return was filed with their information or that IRS records show wages from an employer the taxpayer has not worked for in the past. IRS is trying to help these victims by issuing them an IP PIN. Entering the IP PIN on the taxpayer's return will help IRS determine if the return is the real return for the taxpayer and not another identity theft return.

IRS issued a letter in November informing taxpayers they would be receiving another letter in mid-December that would contain this IP PIN. Entering this IP PIN on the return will speed up the processing. If a taxpayer has been issued an IP PIN and does NOT enter it on the return that is being e-filed, the return will receive a reject notice and have to be paper filed. If a taxpayer is paper filing the return, the IP PIN should be entered in the box to help speed up the processing. Failure to include the IP PIN on the returns for victims who have received the letter will likely result in a lengthy delay in the processing of their returns.

A new IP PIN will be issued to each victim each tax year, therefore the taxpayer does not have to remember a IP PIN from one year to the next. If a taxpayer loses the letter, the taxpayer's return will have to be paper filed. IRS is not able to retrieve a taxpayer's IP PIN

A taxpayer who believes they are at risk of identity theft due to lost or stolen personal information can contact IRS so the agency can take action to secure their tax account. They can contact the IRS Identity Protection Specialized Unit at 800-908-4490. The taxpayer will be asked to complete Form 14039, IRS Identity Theft Affidavit.

This IP PIN is just one more way IRS is trying to help detect identity theft in tax matters. In 2010 IRS began marking the accounts of deceased taxpayers to prevent misuse by identity thieves.

More information on this should be available on www.irs.gov. We can also send you three pdf documents attached to an email upon request.



WAA