



## KPM Commercial Group Newsletter

October 2010

## New Small Business Law Provides Tax Incentives

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After several failed attempts to arrive at a consensus, Congress finally passed the *Small Business Jobs and Credit Act*. This vital new legislation, which President Obama signed on September 27, provides various tax incentives targeted to small business owners.

Here are several key provisions in the new law:

**Enhanced Section 179 Depreciation Deductions.** Under Section 179 of the Internal Revenue Code, a business can currently deduct the cost of qualified property placed in service during the year, within an annual limit. Prior to the new law, the limit for 2010 was \$250,000, and the maximum deduction was subject to a phase-out for annual purchases above \$800,000. The new law increases the maximum deduction to \$500,000 for 2010 and 2011 with a phase-out threshold of \$2 million. Eligible assets include computers, office equipment, and furniture. Certain real estate improvement costs now qualify for Section 179 deductions of up to \$250,000.

**"Bonus Depreciation" is Back for 2010.** The new law also restores bonus depreciation, which expired after 2009. A business may claim a deduction equal to 50 percent of the cost of qualified assets, which include vehicles. (An additional year of bonus depreciation through 2011 is allowed for property with a cost recovery period of 10 years or longer and certain transportation property.)

Qualifying new assets must be placed in service by December 31, 2010.

*Note:* There is a tax-saving opportunity for businesses that are able to take advantage of both Section 179 and 50 percent first-year bonus depreciation. These two breaks can be combined to offset a large part, or perhaps all, of a company's major acquisitions for the year. While larger businesses may be ineligible for the Section 179 deduction, 50 percent first-year bonus depreciation is available to any business regardless of size.

**S Corporation Disposition Rules are Eased.** After a C corporation converts to S

corporation status, it may be liable for the "built-in gains" (BIG) tax if it sells or otherwise disposes of appreciated property within a specified time period. The normal recognition period of 10 years was shortened to seven years for dispositions in tax years beginning in 2009 and 2010. The new law reduces this period still further to only five years for dispositions in tax years beginning in 2011.

**Start-Up Expense Deductions Increase.** Prior to the new law, a taxpayer could deduct up to \$5,000 of qualified business start-up expenditures for new ventures just getting off the ground. The maximum \$5,000 deduction was phased out for expenses over \$50,000. The new law doubles the maximum deduction for 2010 to \$10,000 with a \$60,000 phase-out threshold. Note that these figures are scheduled to revert to their prior amounts in 2011.

**Restrictions on Business Credits Removed.** With limited exceptions, general business credits cannot be used to offset a taxpayer's alterna-

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tive minimum tax (AMT) liability. The new law removes this restriction for "eligible small businesses." To qualify, average annual gross receipts of a non-public corporation, partnership, or small proprietorship can't exceed \$50 million for the prior three years. In addition, beginning in 2010, an eligible small business may carry back general business credits for five years instead of one year.

**Cell Phone Recordkeeping is Less Burdensome.** Previously, cell phones were treated as "listed property" for

tax purposes, therefore triggering the same strict substantiation rules that apply to business use of vehicles. In other words, in order to claim deductions, taxpayers had to track business and personal use. The new law removes these requirements for cell phones and similar communication devices and treats employer-provided devices as tax-free fringe benefits.

**Self-Employed Taxpayers Get a Break on Health Insurance Costs.** A self-employed individual must pay self-employment tax comparable to the Social Security tax paid on employee wages. For 2010, eligible self em-

ployed people can deduct health insurance premiums from the self-employment income subject to employment tax. This tax break is a limited one-year window of opportunity.

Businesses and individuals may want to take action before the end of the year based on these significant new law changes.



## Small Business Jobs Act Provides Roth Deferral Provisions



**Brian McNeil, CPA**

*KPM Senior Tax Manager*

The Small Business Jobs Act that was recently signed into law will provide some much needed Roth deferral options for participants in 401(k), 403(b) and governmental 457(b) plans. The provision contains two major changes. The first would permit Roth contributions to 457(b) plans maintained by state or local governments. This provision would be effective for tax years beginning after 2010. Second, the Act will permit amounts in 401(k), 403(b) and governmental 457(b) plans to be converted to Roth amounts within the plan or distributed out into a Roth account.

Prior to the Small Business Jobs Act becoming law only Code section 401(a) and Code Section 403(b) annuity plans were allowed to offer a qualified Roth contribution as part of the plan. The act has now included governmental section 457(b) plans. Also, eligible rollover distributions from a 401(k) plan or a 403(b) plan could only be rolled over to another eligible rollover IRA, another 401(k) or 403(b) plan. The Act adds governmental 457(b) plans to the eligible plan listing. Rollovers to a Roth account could only be made from another Roth account prior to the Act.

Under the new act for distributions after September 27, 2010, you are able to receive eligible rollover distributions from pre-tax account balances from qualified 401(k) plans, 403(b) annuity plans, and governmental section 457 and roll those directly into a Roth IRA or do an in-plan conversion if the plan allows. Most employer retirement plans would need to be

amended to allow for the new provisions.

Keep in mind this rollover would not be tax free. If you directly rollover a pre-tax balance from your 401(k) plans, 403(b) annuity plans or governmental section 457 plan to a Roth the amount of the distribution received would be included in gross income. For example, if you have \$100,000 in your previous employer's 401(k) plan and you decide to directly roll that account balance to a designated Roth account then the \$100,000 balance would be includible in gross income.

**Timing of Income.** If the distribution is received in 2010, it would be included in gross income ratably over the two years beginning in 2011. You may elect to accelerate the income and have all the income included in your taxable income for 2010. This election would need to be made prior to April 15, 2011

## Tax Planning



**Janel Folan, CPA**

*KPM Senior Tax Manager*

### Do You Know What Your Tax Picture Looks Like?

Tax planning comes in all shapes and sizes. In order to make the most of the money you have, you should know when to call your CPA for some tax planning advice. For some taxpayers, they need to talk to their CPA throughout the year. For some, it may only be in October or November, or in April when they've completed their tax return, and yet others may only need to contact their CPA when something new or different is happening in their lives. Some situations may require full tax projections; some may require research and/or discussion of applicable tax law. Whether you are planning with your CPA during the course of the year or whether you have some changes happening in your life, your CPA is an advisor who can help you make the choices that are beneficial to you. If you have not discussed with your CPA what kinds of tax planning is appropriate for you, make sure to have that conversation with him/her before you find yourself regretting not having made the phone call or sent the email. Economic conditions and numerous annual tax law changes make it critical for you to know what tax planning strategies are right for you.

Here are a few items to consider

when assessing the need for tax planning with your CPA:

**Real Estate.** Are you purchasing your first home, a second home, a vacation home or a piece of property for business? Maybe you are purchasing something that is used for both personal and business use? Maybe you are involved in sophisticated transactions such as property exchanges or installments sales? There are a lot of deductions and credits and a whole lot of tax laws related to real estate and home ownership. Proper planning when purchasing property and owning real estate is critical. You should strongly consider consulting your CPA whenever you are planning to get involved in a real estate transaction, to make sure you understand both the short-term and long-term benefits and repercussions to the transaction and the decisions you make. If you currently own real estate, have you discussed with your CPA if you are taking advantage of all the deductions and credits you can? Maybe you are working from home and haven't considered a home office deduction. Maybe you haven't considered renting a second home or vacation home. Real estate can be an investment with a lot of tax planning opportunities. If you own real estate, make sure you understand what tax opportunities are available to you.

**Retirement Savings.** Whether you are just starting out in the workforce or have been retired for a number of years, you want to make decisions that optimize your quality of life. You don't want to live for today and find out you have a whole lot of tomorrows, or put every dime into savings only to never enjoy a penny of it. Quality of life is important. CPAs un-

derstand that not everyone has the same goals for their retirement savings. Do you need this money to sustain you through your retirement years? Do you have other substantial assets that you'd like to pass along to your children or grandchildren? Is your family well provided for, so you'd like to give a substantial portion of your money to charity? Whether you are putting money in or taking money out of a retirement account, you need to understand how this affects your tax return. If you are not sure where to begin, whether you are on the right path, or if you're optimizing the use of your retirement funds, get in touch with your CPA to understand what your retirement tax picture looks like.

- **Retirement Savings Vehicles.** There are a number of places you can put money away for retirement years. You should know what is available to you, what the benefits and drawbacks are and what will work best for you. There are both current tax implications and future tax implications to consider with every choice. Your CPA can help explain your options to enable you to make the best decisions to meet your individual needs. Many CPAs can even help you set up retirement accounts or plans. Make sure to ask if you don't know what retirement services your CPA has to offer.
- **Minimum Required Distributions.** Whether you are just beginning retirement or have been retired for a number of years, you should make sure you have dis-

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## Tax Planning

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cussed your retirement accounts and plans for withdrawals with your CPA. You want to understand the laws around minimum required distributions and know how to comply with them and have them work to your benefit. Not all retirement accounts are taxed the same. The same amount of funds could be withdrawn from two different retirement accounts or plans; one could produce more taxes than the other. For one individual, having more come back tax-free might be better, for another having more come back taxed might be more beneficial. Some folks benefit from taking more than the minimum distributions while others may not. Work with your CPA to make sure that you are taking what you are required to and taking what works best for your tax situation.

- **Early Withdrawals.** Do you need to, or think you need to, take money out of your retirement account? You may talk to your investment broker who might tell you the brokerage house will not penalize you for an early withdrawal, but make sure you talk to your CPA to know if the IRS or other tax authorities will penalize you. Early withdrawals are allowed in certain instances, without penalties. Before you take any money out, make sure you know all the rules. Even if you are able to take the money out without penalties, have you considered the tax implications? Taking money out without anticipating the proper taxes due can create a financial hole that keeps

getting deeper and deeper if you aren't careful. Times are tough. Are you concerned that you can't afford to save the money, and want to avoid an early withdrawal situation? Rather than being discouraged against saving for your future, understand the rules and learn how you can save in a practical way that may allow you the option to withdraw the contributions in the future penalty-free and tax-free. Your CPA can assist you in understanding the law to make the best decision for your individual circumstance.

- **Rollovers.** Rolling funds from one retirement vehicle to another or from one account to another, can sometimes be done tax-free and sometimes with tax consequences. Sometimes you roll funds because you have to (change in job or change in investment broker) and sometimes you do because you believe it will provide you with a future benefit (traditional IRA to Roth IRA).

Whatever your reasons are for rolling retirement funds, it's important to understand your options and what makes the most sense for you.

**Family.** Having a family can provide a number of current and future benefits you should consider. There are a number of deductions and credits to think about and plan for. If your children are young and in daycare, school or camp, have you looked into the child tax credit? When they are older and off to college, consider college deductions and credits. Are you taking advantage of a flexible spending account to pay for child care pre-tax (especially if you are benefitting from an after-tax credit)? Are you saving for college through savings bonds, an Educational Savings Account or a 529 Plan? Have you hired your children to create income for them so they can start contributing to a Roth IRA? There are credits available for adopting a child. There are also deductions available for supporting other family members who become your dependents. Make sure your CPA understands what your family picture looks like now and what you anticipate for the future. Your picture can look a little brighter with the proper planning.

One of my favorite quotes is, "If you fail to plan, you plan to fail." Plan to understand what your tax picture looks like now and what it will look like in the future. Understand what tax strategies and vehicles are available to you now and in the future. Do your homework and plan with a professional. A small investment in your tax picture now could provide a much larger return and a better looking tax picture for the long-term.

### KPM New WebTaxGuide

Kevin P. Martin & Associates has recently added the 2011 Tax Guide to its web site. You can start your homework by reading the guide online at <http://www.kpmonline.com/news.html> and clicking on "KPM 2011 Tax Guide Released" for up-to-date information, which will continue to be updated periodically. If you're ready to understand your tax picture better and want to explore tax planning in any area with a CPA, please contact us.

## Financial Statement Reporting

### Revenue Recognition Convergence

#### C. Logan Robertson

KPM Audit Senior

In June of this year the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) published an Exposure Draft: *Revenue Recognition: Revenue from Contracts with Customers* which was open for public comment until October, 22, 2010. Consistent with the Boards' joint goal of convergence of U.S. GAAP and international standards, the proposed changes seek to replace the piecemeal revenue recognition policies currently in practice in the U.S. with clearer, more broad-based guidance that can be applied across all industries. The proposed standard would affect all entities, including public, private and not-for-profit, that have contracts with customers. The following is a summary of the AICPA's August 31, 2010 Business Brief on the issue.

**The Proposal.** The new standard would require an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it receives, or expects to receive, in exchange for those goods or services. The application would happen in the following steps:

- a) Identify the contract(s) with the customer;
- b) Identify the separate performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to

the separate performance obligations; and

- e) Recognize revenue when the entity satisfies each performance obligation.

The trigger event for revenue recognition under the Exposure Draft is when the customer *obtains control* over the good or service being furnished.

**Changes to Current Practice.** Under current U.S. GAAP, revenue is recognized when it is realized or realizable and earned. For many revenue transactions, the new standard will not significantly change the way entities recognize revenue. In some cases, however, the changes could have quite an impact. In particular:

- a) Accounting for costs – an entity would capitalize certain costs of obtaining a contract if those costs 1) relate directly to a contract, 2) generate or enhance resources of the entity that will be used in satisfying performance obligations in the future; and 3) are expected to be recovered.
- b) Separate identification of performance obligations – this would require that contracts be divided in a manner identifying distinct obligations and matching them with distinct goods or services. These new units of accounting may differ from those identified in current practice.
- c) Licensing – revenue from exclusive licenses for intellectual property for less than the property's economic life must be recognized over the term of the license rather than upon the sale.
- d) Disclosure – the proposed guidance specifies disclosures to help

users of the financial statements understand the amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. An entity would be required to disclose more information than is currently required, including disaggregated information about recognized revenue and more information about remaining performance obligations.

**Conclusion.** The proposed changes to revenue recognition accounting could bring about significant changes in the way many contracts are structured, whether in a for-profit or non-profit entity. Accounting managers should take the time now to carefully consider how the proposed changes will affect their operations.

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*“The trigger event for revenue recognition under the Exposure Draft is when the customer obtains control over the good or service being furnished.”*

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## Other items in the News this Quarter

### Schedule UTP for reporting uncertain tax positions finalized and liberalized.

The IRS has released a final Schedule UTP (Form 1120), Uncertain Tax Position Statement, and an announcement detailing many liberalizations to the reporting requirements, which initially applied only to large corporations. In addition, the agency has taken steps to protect taxpayer communications with practitioners and to ensure that the program is properly applied by its own personnel. The key changes include: a five-year phase-in of the reporting requirement based on a corporation's asset size; no reporting of a maximum tax adjustment; no reporting of the rationale and nature of uncertainty in the concise description of the position; and no reporting of administrative practice tax positions.

### Guidance addresses tax breaks for hiring new employees.

Employers are exempted from paying the employer 6.2% share of Social Security (i.e., OASDI) employment taxes on wages paid in 2010 to newly hired qualified individuals. These are workers who: (1) begin employment with the employer after Feb. 3, 2010 and before Jan. 1, 2011, (2) certify by signed affidavit, under penalties of perjury, that they haven't been employed for more than 40 hours during the 60-day period ending on the date the individual begins employment with the qualified employer; (3) do not replace other employees of the employer (unless those employees left voluntarily or for cause), and (4) aren't related to the employer under special definitions. The payroll tax relief applies only for wages paid from

Mar. 19, 2010 through Dec. 31, 2010. Employers also may qualify for an up-to-\$1,000 tax credit for retaining qualified individuals. The workers must be employed by the employer for a period of not less than 52 consecutive weeks, and their wages for such employment during the last 26 weeks of the period must equal at least 80% of the wages for the first 26 weeks of the period.

The IRS had issued guidance on these tax breaks in the form of frequently asked questions (FAQs). Updated FAQs explain: when an employee is considered to begin work; how the exemption can be claimed for a new hire who replaces a prior employee; that the exemption can be taken for someone who was self-employed for the entire 60-day lookback period; that minors may sign the HIRE Act employee affidavit (Form W-11); and what counts as wages for the retention credit.

### Guidance explains longer NOL carryback option for businesses.

The IRS has issued guidance in a question and answer (Q&A) format to address a number of specialized issues that have arisen under the new optional longer net operating loss (NOL) carryback period that was provided by the Worker, Homeownership, and Business Assistance Act of 2009 (WHBAA). Under WHBAA, an irrevocable election of a 3, 4, or 5-year carryback period for an applicable NOL for a tax year ending after Dec. 31, 2007, and beginning before Jan. 1, 2010, is generally available for one tax year (except for an eligible small business (ESB) loss). The WHBAA election is an

expansion of the increased carryback period election provided by the American Recovery and Reinvestment Act of 2009 (ARRA), which was available only to ESBs, and only for 2008 NOLs. The guidance addresses many questions left unanswered by the statutory provisions. For example, it makes clear that if a taxpayer previously made an ARRA election, it doesn't have to continue to qualify as an ESB in the year of the WHBAA NOL in order to make a WHBAA election. A taxpayer must qualify as an ESB only for the tax year of the ARRA election. Also, the IRS has revised the Instructions for Form 1139, Corporation Application for Tentative Refund (Rev. August 2010), to explain how businesses make the WHBAA election.

### Regulations on election to defer COD income.

For debt discharges in tax years ending after Dec. 31, 2008, a taxpayer may elect to have any cancellation of debt (COD) income from the reacquisition of an applicable debt instrument after Dec. 31, 2008, and before Jan. 1, 2011, included in gross income ratably over five tax years. The IRS has issued two sets of regulations on this rule: one applies to C corporations, the other applies to partnerships and S corporations. The regulations cover many complicated issues that arise with the election. For example, the C corporation regulations cover topics such as acceleration of deferred cancellation of debt (COD) income and deferred original issue discount deductions, and the calculation of earnings and profits as a result of making an election.

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## Other items in the News this Quarter

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### Legislation ends foreign loopholes and advance EITC.

The Education Jobs and Medicaid Assistance Act, which was signed into law on August 10, 2010, includes provisions closing a number of foreign-tax-credit related loopholes and repealing the advanced earned income tax credit (EITC). Specifically, this legislation tightens the rules on the use of foreign tax credits that multinationals use to lower their U.S. tax bill. In general, these provisions attempt to (1) make foreign tax credits (FTCs) available only when the income to which the FTCs relate is actually taxed by the U.S., (2) prevent artificial inflation of foreign source income, and (3) modify the resourcing rules to limit FTCs. Also, under the new law, starting in 2011, eligible low- and moderate-income workers who qualify for the EITC will no longer be able to elect to receive the credit in advance.

### Financial reform package changes mark-to-market rule.

The "Restoring American Financial Stability Act of 2010" was signed into law on July 21, 2010. This landmark financial reform package contained a tax provision broadening the list of contracts that are excepted from mark-to-market treatment. Taxpayers must report gains and losses from regulated futures contracts and other "Section 1256 contracts" on an annual basis under the "mark-to-market" rule. The term Section 1256 contract means: regulated futures contracts, foreign currency contracts, nonequity options, dealer equity options, and

dealer securities futures contracts. It does not include any securities futures contract or option on such a contract unless the contract or option is a dealer securities futures contract. Under the new law, for tax years beginning after July 21, 2010, all of the following also are excepted from the definition of a Section 1256 contract: any interest rate swap; currency swap, basis swap, interest rate cap, interest rate floor, commodity swap, equity swap, equity index swap, credit default swap, or similar agreement.

### Relief for homeowners with corrosive drywall.

The IRS is allowing individuals with corrosive drywall to apply a safe harbor formula to treat the costs of repairing the defective drywall as a casualty loss. The safe harbor applies for original and amended federal income tax returns filed after Sept. 29, 2010. Reported problems have occurred with certain imported drywall installed in homes between 2001 and 2008. Homeowners have reported blackening or corrosion of copper electrical wiring and copper components of household appliances, as well as the presence of sulfur gas odors. In the case of any individual who pays to repair damage to his personal residence or household appliances that results from corrosive drywall, the IRS won't challenge his treatment of damage resulting from corrosive drywall as a casualty loss (which might otherwise be difficult to achieve under the regular rules) if the loss is determined and reported under the safe harbor rule. A taxpayer who does not have a pending claim for reimbursement may claim as a loss all unreimbursed

amounts paid during the tax year to repair damage to his personal residence and household appliances resulting from corrosive drywall. A taxpayer who has a pending claim (or intends to pursue reimbursement) may claim a loss for 75% of the unreimbursed amount paid during the tax year to repair damage to the taxpayer's personal residence and household appliances that resulted from corrosive drywall.

### Over-the-counter drug costs will no longer be reimbursable.

Effective Jan. 1, 2011, unless prescribed or insulin, the cost of over-the-counter medicines cannot be reimbursed from flexible spending arrangements (FSA), health reimbursement arrangements (HRA), Health Savings Accounts (HSA) and Archer Medical Savings Accounts (Archer MSA). The IRS has issued guidance explaining that an individual may be reimbursed for over-the-counter medicines or drugs, so long as the individual obtains a prescription for the medicines or drugs. It also makes clear that expenses incurred for over-the-counter medicines or drugs purchased without a prescription before Jan. 1, 2011 may be reimbursed tax-free at any time by an employer-provided plan, including an FSA or HRA, under the terms of the employer's plan.

### Simplified per diem rates lowered effective October 1, 2010.

Reimbursements of an employee's business travel costs (lodging, meal

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## Other items in the News this Quarter

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and incidental expenses (M&IE)) at a per diem rate are payroll-and income-tax free if simplified substantiation is provided and the daily rate doesn't exceed the federal per diem rate (the maximum amount that the federal government reimburses its employees) for the locality of travel for that day. While the per diem rates vary by travel destination, employers can

make reimbursements at the simplified "high-low" per diem rates, which assign one per diem rate to high-cost areas within the continental U.S., and another to non-high-cost areas. The IRS has issued the "high-low" simplified per diem rates for post-Sept. 30, 2010, travel. An employer may reimburse up to \$233 for high-cost localities (\$168 for lodging and \$65 for M&IE) and \$160 for other localities (\$108 for lodging and \$52 for M&IE).

The list of high-cost areas is also updated.

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## Reminder

### Form W-2 Reporting

#### Marilyn D'Angelo, CPA

*KPM*

Again this year, we want to remind you of those commonly missed items on Form W-2. Contact Marilyn D'Angelo in our office if questions arise while preparing the company's W-2s.

**Substantiated employee business expense reimbursements reported in Box 12, Code L.** The excess over the amount substantiated under an accountable plan must be reported as wages on Form W-2. The excess amount is subject to income tax withholding and Social Security and Medicare taxes. Payments made under a non-accountable plan are also reported as wages on Form W-2 and are subject to federal income tax withholding and Social Security and Medicare taxes.

**Other lease value of a vehicle and other various items to be reported in Box 14.** The lease value of a vehicle provided to your employee and re-

ported in box 1 must be reported here or on a separate statement to your employee. You may also use this box for other information such as state disability insurance taxes withheld, union dues, uniform payments, health insurance premiums deducted, nontaxable income, educational assistance payments, or a member of the clergy's parsonage allowance and utilities. In addition, you may enter the following contributions to a pension plan: (a) non-elective employer contributions made on behalf of an employee, (b) voluntary after-tax contributions (but not designated Roth contributions) that are deducted from an employee's pay, (c) required employee contributions, and (d) employer matching contributions.

**Two percent S corporation shareholder-employee reporting in Box 1.** The health and accident insurance premiums paid on behalf of the greater than 2 percent S corporation shareholder-employee are deductible by the S corporation as fringe benefits and are reportable as wages for in-

come tax withholding purposes on the shareholder-employee's Form W-2. They are not subject to Social Security or Medicare (FICA) or Unemployment (FUTA) taxes.

### Form 1099 Reporting

#### Jason Goloboy, CPA

*KPM Principal*

Starting in the year 2011 all businesses will be required to issue Forms 1099 to all vendors (individuals, partnerships and corporations) if payments made during the calendar year (2011) totaling \$600 or more. There is discussion as to either repealing or deferring this law, but at this point in time we advise that our clients assemble the appropriate information. As such, it is incumbent on you to obtain from each vendor a signed IRS Form W-9 (available at [www.irs.gov](http://www.irs.gov)) so that you have the appropriate information within your files. You should also note that if you issue 250 or more Forms 1099 you will be required to submit

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## Reminder

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such information electronically to the IRS (Massachusetts also requires copies of Forms 1099 to be submitted to them). Please note that there is a potential for substantial penalties to be assessed if your business fails to comply. You may want to review IRS publication 1220 which addresses the 1099 series of forms. If you need additional information, please contact us.

You should also note that the 1099 filing requirement has been expanded to rental real estate activities (from a rental apartment within a two family house to a multi-tenanted apartment

house or commercial building) for annual payments equal to \$600 or more for service providers such as plumbers, painters and landscapers.

### Federal Tax Payments

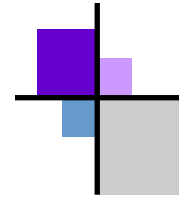
#### **Marilyn D'Angelo, CPA**

*KPM*

As of December 31, 2010 the Treasury Department will no longer accept Form 8109 tax deposit coupons. All deposits should be made through the Electronic Federal Tax Payment System (EFTPS). You can register for EFTPS at [www.eftps.gov](http://www.eftps.gov). The information needed to register is: em-

ployer identification number, business name and address, contact information and banking information.

For further information regarding any of these reminders, contact Marilyn D'Angelo at KPM.



## In the News

### Brian E. Martin Appointed Director of KPM



#### **Brian E. Martin**

KPM is pleased to announce that Brian E. Martin ("Marty") was ap-

pointed Director of the Firm effective June 1, 2010. Marty serves as Engagement Partner on a variety of affordable housing, not-for-profit and commercial industries. "I am looking forward to being a part of the team that will guide and grow KPM for many years to come," comments Marty. A graduate of the College of the Holy Cross, Marty has been with KPM for close to 12 years. "Marty makes a wonderful addition to the partner group," comments Kevin P.

Martin, Jr., KPM's Managing Director. "As a market leader, we are committed to the Firm's long-term success and to promote talent focused on growing the Firm and delivering outstanding client service. Marty has earned this recognition and his appointment enables us to deliver on our strategy of building the broadest and deepest range of team members."

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*For further information or questions regarding any topics in this newsletter, email:*

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## In The News

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### Ronald A. Gacia, Director, Retires



#### Ronald Gacia

Kevin P. Martin & Associates, P.C. announces Ron Gacia's move to retirement. Ron, a director of the firm since the merger of his own firm in 2002, has over 40 years experience working with individuals and businesses. "I am looking forward to spending time on the Cape and doing some travel," Ron says as he hangs up the phone with a client he has had for over 20 years. "I have made so many friends in this business and wish I could continue working for all my clients, but I really want to take advantage of some free time to spend with my wife, Karen." "I know it is a bittersweet move for Ron" says Kevin Mar-



Kevin Martin, Sr.

tin, Sr., Founder of KPM. "Ron was a great find for our firm. I have enjoyed working side by side with Ron as we carry our clients through all their major life experiences." We wish Ron all the best now in one of his own life's major changes. Please call and wish Ron well.

Ron's clients have been transitioning to a new team at KPM over the past few years.



Ken Davin

Leading the transition is Ken Davin, a Partner with the firm for over 30 years who specializes in audits, financial reporting and taxation of closely held corporations. Ken has experience in all of our industries - commercial, nonprofit and real estate. Also helping in the transition is Brian McNeil, a Senior Tax Manager of KPM, has over 12 years experience with KPM including individual, fiduciary, gifting, charitable trusts, cash flow planning and charitable planning. Brian specializes in tax and financial planning and is an Investment Advisor Representative of Commonwealth Financial Network, an independent broker



Brian McNeil

dealer. Brian comments, "Ken and I have worked alongside Ron for many years getting to know many of his clients from a personal and business perspective. We look forward to working more closely with his clients and hope to maintain the solid relationship that Ron had as well as adding continued value to the relationship as Ron had in the past." Also getting involved with the transition of some of Ron's consulting and taxation of trusts is Janel Folan, a Senior Tax Manager with 17 years of experience at KPM. Janel has been working in the high net worth individual and trust areas as well as public charities and private foundations.



Janel Folan

"It's been a pleasure working with Ron," says Ken. "He has been a good resource to the firm given his many experiences, which was usually told to us in the form of an interesting story. We all wish Ron the best as he starts the next chapter of his story."

## Business Ideas at Work

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