

**Social Security
Administration**
**Internal
Revenue Service**
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Reporter

Spring 2009

A Newsletter for Employers

Stimulus Package Provisions Affect Businesses

Many provisions of the *American Recovery and Reinvestment Act of 2009* (ARRA) affect businesses in a wide variety of ways. Two particular provisions will have a bearing on worker withholdings and employment tax returns.

Making Work Pay Credit The Making Work Pay Credit is a refundable credit of up to \$400 for individuals and \$800 for married taxpayers filing joint returns. For people who receive a paycheck and are subject to withholding, the credit will typically be handled by their employers through automated withholding changes in early spring.

These changes may result in an increase in take-home pay. The IRS has updated the applicable withholding tables to reflect the new Making Work Pay Credit. The new withholding tables, along with other instructions related to the new tax law, will be incorporated in new Publication 15-T.

COBRA Health Insurance Extension Another major ARRA provision is a 65% subsidy for the nine month extension

of COBRA health insurance premiums for workers who lost their jobs between September 1, 2008 and December 31, 2009. These former employees must have been enrolled in their employer's still active health plan at the time of termination. Eligible individuals will have to pay 35% of the premiums.

The former employer pays the remaining balance and claims a credit for those payments on Form 941, *Employer's QUARTERLY Federal Tax Return* or other applicable payroll tax return. The COBRA continuation provisions also apply to small businesses and government entities required to offer continuation coverage under state law similar to the federal COBRA.

More information about the stimulus package will be available on www.irs.gov regarding a host of ARRA provisions that affect businesses' income tax return, including provisions that allow bonus depreciation credits, enhance small business expensing and allow a five year net operating loss carry back for small businesses. **IRS**

Social Security's Online Retirement Application Makes It Easy to Retire

Social Security has a new online retirement application. You can apply for retirement benefits from your home or office at www.socialsecurity.gov. There's no need to drive to your local Social Security office or wait for an appointment with a Social Security representative. You can complete the new online retirement application in as little as 15 minutes.

In most cases, after you click the "Sign Now" button and submit the application electronically, that's it. There are no forms to sign, and usually no additional documents are required. Social Security will contact you directly if more information is needed.

If you are uncertain about when to retire, you can check out the online fact sheet, "When to Start Receiving Retirement Benefits." And if you are not ready to retire, you can plan for

retirement using Social Security's online *Retirement Estimator*. It is a great financial planning tool that will give you an immediate and personalized estimate of how much your retirement benefits would be if you stopped working at age 62, age 66, age 70 or any point in between. **SSA**

Learn More Online

■ Online Retirement Benefit Application

www.socialsecurity.gov/planners/about.htm

■ When to Start Receiving Retirement Benefits

www.socialsecurity.gov/pubs/10147.html

■ Retirement Estimator www.socialsecurity.gov/estimator

■ Tips for Seniors in Preparing Their Taxes www.irs.gov/individuals/retirees/article/0%2C%2Cid=154021%2C00.html

Form W-4 Includes New Warning for Employees

Instructions to your employees on the 2009 Form W-4 now read, "You may not request withholding as only a flat amount or as a percentage of wages." While payroll professionals have always known this fact, they've often had a hard time convincing the workers who have insisted on incorrectly completing their W-4s.

This rule is important. Claiming a flat amount of withholding per pay period could work to an employee's disadvantage if they don't get the number of paychecks they were expecting (e.g., they get a manual check for hours not paid on the system-produced paycheck) or if their salary changes.

And a flat percentage on all earnings is at odds with our graduated system of tax rates. On even the largest paycheck, some earnings are subject to no tax, some earnings are subject to the 10% withholding rate, some earnings are subject to the 15% tax rate, and so on. This was just one of many recommendations made by the American Payroll Association in this case and accepted by IRS.

If you think your employees could use a hand with all the W-4 worksheets and their talk of tax credits, deductions, and exemptions, you can point them to the IRS Withholding Calculator. APA

Learn More Online

■ Form W-4 www.irs.gov/pub/irs-pdf/tw4.pdf

■ APA's Government Affairs Task Force Recommendations to IRS's Forms and Publication Division www.americanpayroll.org/government/government-019

■ IRS Withholding Calculator www.irs.gov/individuals/article/0%2C%2Cid=96196%2C00.html

e-file Makes Tax Time Easier and Better for Employers and Employees

If you or your employees have not filed your 2008 taxes, there's good news this year when it comes to doing your taxes. Electronically preparing and filing your taxes is easier than ever in 2009. With new improvements and enhancements to e-file there is no need to send those long paper forms to the IRS anymore.

Benefits of e-filing

e-file is growing in popularity each year with almost 90 million tax returns having been submitted electronically in 2008. It offers so many more benefits than filing with a paper return:

■ *It's convenient.* You can access your previous year's return and copy duplicate information, such as your address, to a new form.

■ *It's more accurate.* e-filed returns are less prone to errors since the software catches many mistakes, thereby reducing the likelihood of follow-up correspondence from the IRS.

■ *It's quick.* Refunds come in half the time as paper filing ... in as little as 10 days when you use Direct Deposit.

■ *It's safe.* Electronic transmissions to the IRS are secure, using dedicated lines with the latest encryption technology.

■ *It's reassuring.* After you e-file your return, you'll get an electronic acknowledgement that the IRS received it, typically within 24 hours.

■ *It's accessible.* You can e-file your return 24 hours a day, 7 days a week.

■ *It can be free.* Many tax software providers no longer charge extra for electronically filing your tax return. Be sure to shop around and look into software product offers.

e-file for Free

Electronically preparing and filing your taxes can be free if you go to IRS.gov and select Free File. Free File now offers free options to electronically prepare and file your tax return.

If your adjusted gross income was \$56,000 or less in 2008, you are eligible to electronically prepare and file your taxes at IRS.gov for free with Free File. Free File was started in 2003 through a partnership with the Internal Revenue Service (IRS) and the Free File Alliance, Inc., a group of leading private-sector tax preparation software companies.

Free File offers all the benefits of e-file. It is safe, easy to use and available in English and Spanish. To use, go to IRS.gov, click on "Free File" and select a tax preparation company from the list. You'll then be directed to their site to electronically prepare and e-file your return.

Or, if you don't qualify to use one of these products, Free File Fillable Forms allow you to complete the basic IRS tax forms online and e-file your return— regardless of income.

This year, make tax season better by e-filing your tax return. You'll help yourself, while enjoying its many benefits. IRS

Learn More Online

■ Free File www.irs.gov/efile/article/0%2C%2Cid=118986%2C00.html

Military Differential Payments Now Treated as Wages

Effective January 1, 2009, any amount paid to an employee while he or she is performing services in the uniformed services is to be treated as wages subject to federal income tax withholding and reporting in W-2 box 1. These payments are also subject to social security, Medicare, and federal unemployment taxes if made while the employee is on temporary assignment (up to 30 days) with the state National Guard or the Armed Forces Reserve. After 30 days, social security, Medicare, and federal unemployment taxes no longer apply.

Some employers pay all or a portion of the wages that the individual would have received if he or she were still

working for the employer. These payments are commonly referred to as "differential" payments, because many employers pay the difference between what the individual is earning in the uniformed services and what he or she would be earning if still employed by the employer.

The Heroes Earnings Assistance and Relief Tax (HEART) Act (Public Law No. 110-245) made the change to the federal income tax treatment. It used to be that after 30 days in the uniformed services, these payments had to be reported on Form 1099-MISC and the individual had to make estimated tax payments. The HEART Act made no changes with regard to the other taxes.

The HEART Act also requires that an individual receiving these payments continue to be treated as an employee, and that these payments are to be treated as compensation for retirement plan purposes (for example, for purposes of the limit on contributions to an Individual Retirement Account).

APA

Learn More Online

■ Tax Information for Members of U.S. Armed Forces www.irs.gov/newsroom/article/0%2C%2Cid=97273%2C00.html

IRS Exempt Organizations Offers New Online Courses at StayExempt.org

StayExempt.org, the Web-based version of the popular Exempt Organization workshops, has added new mini-courses: Navigating IRS EO Resources, the Redesigned IRS Form 990, and Can I Deduct My Charitable Contributions?, to the online materials already available.

The site now has the original five virtual workshop sessions, five mini-courses on topics important to tax-exempt organizations, and five mini-courses discussing aspects of the redesigned annual return (Form 990) for exempt organizations.


The mini-courses on StayExempt.org are:

- **Navigating IRS EO Resources**— Shows you what's available and how to find it! How to use IRS.gov and find workshops, outreach events and publications.
- **Political Campaigns and Charities**— Explains the ban on intervening in political campaign activities by tax-exempt and charitable organizations.
- **Can I Deduct My Charitable Contributions?**— Helps your exempt organization understand the rules of what's deductible and what's not.
- **The Wonderful World of Foundation Classification (Part I)**— Covers two common types of classifications for 501(c)(3) organizations.

■ **Applying for Tax-Exempt Status**— Makes the application process easier and quicker for new organizations.

The five interactive virtual workshop sessions are:

- **Tax-Exempt Status**— How can you keep your 501(c)(3) exempt?
- **Unrelated Business Income**— Does your organization generate taxable income?
- **Employment Issues**— How should you treat your workers for tax purposes?
- **Form 990**— What records should your organization keep to prepare to file an accurate Form 990?
- **Required Disclosures**— What items are open to public inspection and what disclosures are exempt organizations required to make?

Users can complete the modules in any order and repeat them as many times as they like. StayExempt.org does not require registration and visitors will remain anonymous. 

Learn More Online

- StayExempt.org www.irs.gov/charities/article/0%2C%2Cid=166625%2C00.html
- Mini-courses www.stayexempt.org/home/mini_courses.html

IRS May Grant Tax Relief to Victims of Federally-Declared Disasters


A disaster—natural or human-caused—can happen at any time. Knowing the process for seeking tax relief can help speed recovery.

After a disaster occurs, the governor of a state may request federal assistance. In response, the federal government may declare the state a federal disaster area by invoking the Robert T. Stafford Disaster Relief and Emergency Assistance Act. If the Federal Emergency Management Agency identifies areas within the state as eligible for individual assistance to families and households, the IRS may grant a period of tax relief to disaster victims.

The length of the relief period will depend on the severity of the event. Return filing dates and current tax payments due within the relief period may be postponed until the end of the relief period, with no interest or penalties. Certain time-sensitive federal tax actions may also be postponed. Payroll tax deposits will be

considered timely if made by 15 days from the date the disaster took place.

IRS computer systems will identify taxpayers located in the covered disaster area and will automatically apply filing and payment relief to their accounts. Those not identified systemically will need to contact the IRS and self-identify for the relief.

The IRS will issue a news release detailing the specifics of the relief granted and information on how taxpayers affected by the disaster can contact the IRS. 

Learn More Online

- State-specific news releases are on the IRS Web site www.irs.gov/newsroom/article/0%2C%2Cid=98936%2C00.html
- Disaster Assistance and Emergency Relief for Individuals and Businesses www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html

IRS Continues to Roll Out Products on the Web to Assist Small Businesses

Small Business Resource Guide

In order to provide the most timely and up-to-date tax information, the Small Business Resource Guide (SBRG), formerly a CD-ROM, is now available exclusively online.

Designed to equip small business owners with the skills and knowledge needed to successfully start and manage a business, IRS has ensured the SBRG 2009 Web site offers the same quality of information the SBRG CD was known for, covering a wide range of tax topics, Web links to business forms, publications, other useful governmental Web sites, and much more. The online version of the guide is available at www.sbrg.irs.gov.

Small Business Video and Audio Presentations

A new page on IRS.gov features video and audio presentations on a variety of topics for small businesses and self-employed taxpayers. Audio presentations include a reenactment of the May 2008 IRS National Phone Forum for first-time Schedule C filers, and a series on disaster assistance. Also included are:

- **Adjusting Employment Taxes: New for 2009**
- **Backup Withholding for Form 1099-MISC**
- **Bartering Income**
- **Choosing a Tax Preparer**
- **Employer Identification Numbers**
- **Small Business Tax Workshops**
- **Schedule C: Who needs to file and how to do it**

Online Video and Audio Presentations

www.irs.gov/businesses/small/article/0%2C%2Cid=97726%2C00.html

Small Business Tax Workshop Video

www.irs.gov/businesses/small/article/0%2C%2Cid=200274%2C00.html

Self-Employed Individuals Tax Center

Small businesses and the self-employed will also find information and resources in the Self-Employed Individuals Tax Center www.irs.gov/businesses/small/selfemployed.

The best way to learn about IRS products and services is to subscribe to *e-News for Small Businesses*. To start your free subscription to e-News, just go to IRS.gov, www.irs.gov/businesses/small/content/0%2C%2Cid=154826%2C00.html, type in your e-mail address and submit. 

Payroll Best Practice: Constant Reconciliation



"Why do I need to reconcile my payroll? It's all computerized! What could go wrong?"

As sophisticated as many of today's payroll software programs are, whether off-the-shelf or furnished by a payroll service provider, they may not be fool-proof. A type of entry or reversal never anticipated by the programmer, an adjustment that doesn't balance gross-to-net, or a reversal that creates negative quarter-to-date or year-to-date earnings could cause your payroll to be "out of balance."

Catching the error right after it happened is much easier than trying to find it at quarter-end or year-end when you notice, for example, that your totals for Forms 941 and W-2 don't match. Early discovery of the problem also allows you to correct it before preparing your tax forms.

One way to catch these sorts of problems is to reconcile your payroll after every processing. Create an electronic spreadsheet with a separate column for each pay date. Create rows for:

1. Items that add to the total gross payroll (regular, sick, vacation, overtime, bonus, etc.);
2. Total gross payroll – this should be a self-calculating field: a total of the above items;
3. Pre-tax deductions (such as cafeteria plan, 401(k) plan);

4. Taxable grosses (federal, state, Medicare) – these should be self-calculating fields: the total gross less the appropriate pre-tax deductions;

5. Taxes (federal, social security, Medicare, state);

6. Post-tax deductions;

7. Net pay – this should be self-calculating: total gross less pre-tax deductions, taxes, and post-tax deductions.

Each pay period, take the figures from your payroll journal totals and enter them into the fields for items 1, 3, 5, and 6 above. Then see if your spreadsheet calculations for items 2, 4, and 7 match the calculations on your payroll journal.

Add more columns for Quarter-to-Date (QTD) and Year-to-Date (YTD) figures. The fields in these columns should also be self-calculating, adding the appropriate columns together. As these numbers change every time you enter the items for a new pay period into a new column, see if your spreadsheet calculations for QTD and YTD match those on the payroll journal.

There's almost no limit to what you could add to your spreadsheet, such as:

- Verifications that social security taxes are 6.2% of social security wages and that Medicare taxes are 1.45% of Medicare wages.

■ Verification that the difference between Medicare wages and federal wages is equal to the total of qualified plan elective deferrals (401(k), 403(b), or 457 plans).

■ Rows for imputed income amounts, such as taxable benefits, that add to taxable gross figures but do not add to the paycheck gross or net pay.

■ Columns for each quarter's 941, to compare with the QTD columns (remember that total social security and Medicare tax on the 941 will be twice what was deducted from employees' pay).

■ A column for the W-3 totals, including appropriate box 12 amounts, to compare with a sum of the columns for the Forms 941 and with the YTD column.

■ Columns for federal and state tax deposits, to compare with the columns for the QTD, YTD, Forms 941, and W-3.

■ Columns for any adjustments via Forms W-3c and 941-X.

Editor's Note: The American Payroll Association is proud to be an integral partner with the Internal Revenue Service and the Social Security Administration. This allows APA to include the most accurate and up-to-date information in its seminars, publications, and webinars, such as its Payroll Tax Forum. More information about the APA is available at www.americanpayroll.org.

Reminders for Filing Forms W-2C/W-3C with Social Security

Social Security's employer Web site is available 24/7 to support employers and third party submitters with filing Forms W-2C/W-3C. You should file Forms W-2C and W-3C as soon as possible after discovering an error with a previously submitted Form W-2.

Remember, you must file a Form W-3C whenever you file a Form W-2C with SSA, even if you are only filing one Form W-2C to correct an employee's name or Social Security number (SSN). Also, remember to provide a Form W-2C to the employee as soon as possible.

Employers and submitters should consider W-2C Online because it allows them to complete up to 5 Forms W-2C on the computer, electronically submit them to Social Security, and print copies suitable for distribution to employees. No special paper or software is needed.

To begin filing W-2Cs online, simply prepare your file using the Specifications for Filing Forms W-2C Electronically (EFW2C)—make sure to enter the correct tax year in the Employer Record (RCE Record). You should also test your file using AccuW2C.

Note: You can only correct the current tax year when using W-2C online. For example, if you discover an error in November 2008 for a W-2 you submitted in Tax Year 2007, you can use W-2C online to make the correction. However, if you discover an error in November 2008 for a W-2 you submitted in Tax Year 2006, you cannot use W-2C online. **SSA**

Learn More Online

- Employer W-2 Instructions & Information www.socialsecurity.gov/employer
- W-2C Online www.socialsecurity.gov/employer/bsotut.htm
- EFW2C Online www.socialsecurity.gov/employer/pub.htm
- Business Services Online Handbook www.socialsecurity.gov/employer/bsobhnew.htm
- Employer Reporting Service Center: 1-800-772-6270, Monday – Friday 7am to 7pm (EST)

Stay in Compliance With APA's Payroll Tax Forum

Payroll is one of the most regulated aspects of any business. The cost of non-compliance is steep. By attending an American Payroll Association (APA) Payroll Tax Forum, a one-day course offered in 30 cities nationwide, June 15-26, you can avoid penalties by learning about the latest payroll-related changes from Congress and federal agencies such as the IRS, DOL, SSA, and DHS. This comprehensive, one-day program will prepare you to deal proactively with these changes and keep your organization in compliance.

Topics include new IRS Form 941-X, new rules on cafeteria plans, the revised Form I-9 and changes to the documents proving work authorization, the requirement to use E-Verify in certain states and by all federal contractors, and payroll-related proposals from the new administration.

The class also includes explanation of the taxation and reporting of some of the most common benefits; review of the annually adjusted wage bases and benefit limits; and discussion of revisions to IRS forms and publications. Most of the one-day classes also include a presentation by IRS and SSA. **APA**

Learn More Online

- APA Payroll Tax Forum Web site www.americanpayroll.org/taxforum

TEST YOUR KNOWLEDGE

Planning for Taxes

Situation: Operations started well for Eddie's consulting business (a sole proprietorship). Revenues were in line with the business plan and Eddie was able to keep up with expenses, including the biweekly payroll for his initial employee. After the first month, Eddie's accountant reminded him of the need to make a tax deposit of the employment taxes and withholding owed on the wages paid. The accountant also discussed a quarterly estimated income tax payment related to the business profits. These expenditures took Eddie by surprise; he had already used the profits for personal expenses and did not provide for these additional outlays.

Question: What approaches might Eddie consider to help anticipate and meet his tax payment and filing obligations?

Answer: One technique to consider is preparing a cash budget for estimating periodic expenditures (such as the overlooked tax deposits and quarterly estimated taxes) as well as the immediate day-to-day costs and revenues. A cash budget projects receipts and disbursements over time to determine whether a business will have adequate cash on hand to meet its expenses. Further information on this planning technique is available at the usa.gov Web portal, www.irs.gov/businesses/small/content/0%2C%2Cid=98864%2C00.html by entering the search phrase "cash flow budget".

Other Business Practices: Timely and organized record and bookkeeping systems assist in monitoring the progress of the business and in preparing the required tax and information returns. Publication 583, *Starting a Business and Keeping Records* provides a general overview of these systems and reviews topics such as business taxes and expenses.

Also discussed in Publication 583 are the benefits of establishing a business checking account and the value of reconciling it to the books and records. A

business account improves recordkeeping by separating business transactions from personal ones; periodic reconciliations increase accuracy by verifying that transactions are recorded properly. **IRS**

Learn More Online

- Businesses with Employees www.irs.gov/businesses/small/article/0%2C%2Cid=98862%2C00.html (This article links to several online classrooms and discusses topics such as Hiring Employees and Depositing Taxes.)
- Publication 583, *Starting a Business and Keeping Records*, www.irs.gov/pub/irs-pdf/p583.pdf
- Small Business Guides at www.business.gov (These guides cover business-related items such as starting a business, and have resources from federal, state, and local governments.)
- Small Business Resources www.irs.gov/businesses/small/content/0%2C%2Cid=98864%2C00.html

IRS Provides Guidance on Personal Use of Employer-Provided Vehicles

One of the most common fringe benefits provided to employees is use of a company owned or leased vehicle. The personal use of an employer-provided vehicle is a fringe benefit, and generally, fringe benefits are taxable unless specifically excluded by law. As such, taxable fringe benefits are subject to employment taxes and are includible in the employee's Form W-2, *Wage and Tax Statement*. There are special rules to withhold, deposit and report the employment taxes on these benefits.

If an employer provides a vehicle for an employee's use, the amount excludable as a working condition fringe is the amount that would be allowable as a deductible business expense if the employee paid for its use. Employees must substantiate their business use through adequate documentation to qualify as an excludable working condition fringe.

The general way to determine the value of a fringe benefit is to determine the fair market value of that benefit. The fair market value is the price an employee would incur to buy or lease the benefit in an arm's length transaction. There are special valuation rules

an employer can use to determine the value of an employer-provided vehicle:

1. **The Vehicle Cents-Per-Miles Rule**— The employer multiplies the miles the employee drove for personal use by the standard rate,
2. **The Commuting Valuation Rule**— The employer multiplies the number of times the employee used the vehicle for commuting times \$1.50 if the employer meets all the requirements for using this method, or
3. **The Automobile Lease Value Rule**— The employer uses the annual lease value to determine the value of the employee's personal use of the vehicle.

There are specific requirements that must be met to use these special valuation rules. For example, the employer must provide the employee with a vehicle for commuting for bona fide non-compensatory business reasons to use the commuting valuation rule. **IRS**

Learn More Online

- Publication 15-B, *Employer's Tax Guide to Fringe Benefits*, www.irs.gov/publications/p15b/index.html

Nine States Now Require Electronic Child Support Payments

Nebraska has joined eight other States (California, Florida, Illinois, Indiana, Massachusetts, Oregon, Pennsylvania, and Virginia) that require employers to remit their child support payments electronically.

Employers in Nebraska with 50 or more employees and who are paying on at least one order are required to remit child support payments electronically. Nebraska offers a web-based payment service for employers:

NE Child Support Payment Center
(free for employers)
1-877-631-9973
www.nebraskachildsupport.com

The criteria for determining whether your company must submit electronic payments vary by State. For more information about converting to electronic payments for child support, contact your State Child Support Enforcement agency or Nancy Benner at nancy.benner@acf.hhs.gov or (202) 401-5528. **HHS**

News and Announcements

Revisions to the Family and Medical Leave Act (FMLA) Regulations Now Effective

The Department of Labor's Wage and Hour Division published a Final Rule under the Family and Medical Leave Act (FMLA). The final rule became effective on January 16, 2009, and updates the FMLA regulations to implement new military family leave entitlements enacted under the National Defense Authorization Act for FY 2008.

It also includes revisions in response to public comments received on the proposed rule issued in February 2008. Additional information, including a revised FMLA poster and new and revised forms, is available on the Department's Wage and Hour Web site. **DOL**

Learn More Online

■ Department of Labor's Wage and Hour Division (WHD) Web site on the Family and Medical Leave Act (FMLA) Regulation revisions: www.dol.gov/esa/whd/fmla/finalrule.htm.

Excise Tax Information

To check excise taxes that may apply to small businesses, see Publication 510, www.irs.gov/pub/irs-pdf/p510.pdf, visit the Excise Tax Web page, www.irs.gov/businesses/small/article/0%2C%2Cid=99517%2C00.html, or contact our Business and Specialty Tax Line at 800-829-4933. **IRS**

Reminder about Extension of Time to File Procedures for Certain Businesses

For Forms 1065, 1041 and Forms 8804 that are due on or after January 1, 2009, the automatic extension period has been reduced from 6 months to 5 months. To request a 5 month extension, use Form 7004, *Extension of Time to File*, www.irs.gov/pub/irs-pdf/f7004.pdf and complete Part I, line 1a. Instructions are available on IRS.gov, www.irs.gov/pub/irs-pdf/f7004.pdf. **IRS**

U.S./Denmark Social Security Agreement Eliminates Double Taxation

If you have U.S. employees working in Denmark or Danish personnel working in the United States, you may be able to realize substantial tax savings under a new Social Security agreement effective October 2008. The new agreement helps reduce business costs by eliminating double taxation for Social Security and health insurance under the U.S. and Danish Social Security systems.

With the new agreement with Denmark, the U.S. now has Social Security agreements with 21 other countries. **SSA**

Learn More Online

■ Social Security Online, International Agreements www.socialsecurity.gov/international.
■ SSA's Office of International Programs (410) 965-0144 or (410) 965-3549.

Latest Fact Sheet Helps Small Businesses Avoid Incorrect Deductions for Retirement Plans

IRS Fact Sheet-2008-24, www.irs.gov/newsroom/article/0%2C%2Cid=188218%2C00.html, *Avoiding Incorrect Self-Employed Retirement Deductions*, offers help to prevent incorrect deductions for small business retirement plans. www.irs.gov/retirement/content/0%2C%2Cid=97203%2C00.html. **IRS**

IRS Opens Identity Theft Toll-Free Hotline

The IRS.gov Identity Theft and Your Tax Records page, www.irs.gov/individuals/article/0%2C%2Cid=136324%2C00.html has information for taxpayers who believe they have a tax issue created by identity theft.

The new IRS Identity Protection Specialized Unit (800-908-4490) will take actions to mark the affected accounts so that identity theft issues may be resolved more quickly and reduce the burden of resolving any related issues in future years. **IRS**

Lockbox Address Changes

On January 1, 2009, the IRS lockbox payment addresses are changing for some individual taxpayers in five states and business taxpayers in 23 states. www.irs.gov/taxpros/article/0%2C%2Cid=201502%2C00.html. **IRS**

Improving Wage Reporting Information

Social Security continues to work on improving future wage reporting publications and the Employer W-2 Instructions and Information Web site. Your feedback and input are important to our improvement efforts. If you would like to share comments about your wage reporting experiences with Social Security, email them to us and include the word "SSA/IRS Reporter" in the subject line. **SSA**

Learn More Online

■ Employer Web site www.socialsecurity.gov/employer.
Email comments to employer@ssa.gov

Find Financing Opportunities on Business.gov

Business.gov has launched a new Loans and Grants Search Tool to help small business owners quickly find grant, loan, and venture capital programs from federal and state governments.

Learn More Online

■ Loans and Grants Search Tool <http://search.business.gov/startLoans.html>
■ Small Business Prime Contracting Achievement and Small Business Procurement Scorecards www.sba.gov/aboutsba/sbaprograms/goals/index.html.

Reporter

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Comments may be sent to John Berger, Editor

Mail (NOT for change of address):

Internal Revenue Service
Small Business/Self-Employed Communications
Room 940, Fallon Building
31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):

SSA.IRS.REPORTER@irs.gov

Fax 410-962-2572

Change of Address? Out of Business?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center Cincinnati, OH 45999

Ogden IRS Center MS:6273, Ogden, UT 84207
Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center, Philadelphia, PA 19255

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Internal Revenue Service

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Summer 2009

A Newsletter for Employers

American Recovery and Reinvestment Act Helps Small Businesses

Congress approved and the President signed new economic recovery legislation, the American Recovery and Reinvestment Act of 2009 (ARRA) in February 2009. Here are some key highlights for small businesses:

Net Operating Loss Carryback

Small businesses with deductions exceeding their income in 2008 can use a new net operating loss tax provision in ARRA to get a refund of taxes paid over the past five years instead of the usual two.

To accommodate the change in tax law, the IRS has updated Publication 536, *Net Operating Losses (NOLs) for Individuals, Estates and Trusts*, as well as the instructions for Form 1045 and Form 1139, which small businesses will use to take advantage of the carryback provision.

An IRS news release and question-and-answer document have more information on the net operating loss carryback

provision. Technical information is contained in Revenue Procedure 2009-19.

Section 179 Deduction

A qualifying taxpayer can choose to treat the cost of certain property as an expense and deduct it in the year the property is placed in service instead of depreciating it over several years. This property is frequently referred to as section 179 property.

Under ARRA, qualifying businesses can continue to expense up to \$250,000 of section 179 property for tax years beginning in 2009. Without ARRA, the 2009 expensing limit for section 179 property would have been \$133,000. The \$250,000 amount provided under the new law is reduced if the cost of all section 179 property placed in service by the taxpayer during the tax year exceeds \$800,000.

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Final Phased Increase in the Federal Minimum Wage

Effective July 24, 2009, the federal minimum wage for covered non-exempt employees will rise from \$6.55 to \$7.25 per hour. This is the final phased increase from the Fair Minimum Wage Act of 2007, which amended the Fair Labor Standards Act (FLSA). A separate provision of the bill brings about phased increases to the minimum wage in American Samoa and the Commonwealth of the Northern Mariana Islands, with the goal of bringing the minimum wage in those locations up to the general federal minimum wage over a number of years.

Many states also have minimum wage laws. Covered employers must comply with both.

The tip credit provisions of the FLSA remain the same. An employer is still only required to pay \$2.13 an hour in direct wages if that amount plus the tips received:

- equals at the least the Federal minimum wage
- the employer has informed the employee of the tip credit being taken
- the employee retains all tips except to the extent they participate in a valid tip pooling arrangement, and
- the employee customarily and regularly receives more than \$30 a month in tips.

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ARRA Provisions Help Small Business continued from page 1

The new law does not alter the section 179 limitation imposed on sport utility vehicles, which have an expense limit of \$25,000.

More Help for Small Business

The Recovery Act also includes the following business-related provisions:

Reduction of Estimated Tax Payments: Normally, small businesses have to pay 110 percent of their previous year's taxes in estimated taxes. The Recovery Act permits small businesses to reduce their estimated payments to 90 percent of the previous year's taxes.

Extension of Bonus Depreciation Deductions Through 2009: Bonus depreciation is extended through 2009, allowing businesses to take a larger tax deduction within the first year of a property's purchase.

Capital Gains Tax Break for Investment in Small Business: Investors in small business who hold their investments for five years can exclude from taxation 75 percent of their capital gains.

Other Provisions for Employers and Employees

Increased Transportation Subsidy: Employer-provided benefits for transit and parking are up in 2009 (see related article on this page).

Up to \$2,400 in Unemployment Benefits Tax Free in 2009: Individuals should check their tax withholding.

COBRA: Health Insurance Continuation Subsidy: The IRS has extensive guidance for employers, including an updated Form 941, as well as information for qualifying individuals.

First-Time Homebuyer Credit Expands: Homebuyers who purchase in 2009 can get a credit of up to \$8,000 with no payback requirement.

Enhanced Credits for Tax Years 2009, 2010: Details available on the earned income tax credit, additional child tax credit and American Opportunity Credit, a new higher education benefit.

Payroll Checks Increased This Spring: The Making Work Pay Tax Credit will mean \$400 to \$800 for many Americans. The IRS has issued new withholding tables for employers (see related article on withholding, p. 3).

Money Back for New Vehicle Purchases: Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid. **IRS**

Learn More Online

■ American Recovery and Reinvestment Act of 2009, www.irs.gov/newsroom/article/0%2C%2Cid=204335%2C00.html

■ IRS Form and Publications, www.irs.gov/formspubs/index.html?portlet=3s

ARRA Provides SBA Tools to Encourage Borrowing and Lending

The American Recovery and Reinvestment Act provides the Small Business Administration with specific tools to make it easier and less expensive for small businesses to get loans, give lenders new incentives to make more small business loans, and help unfreeze the secondary markets to boost liquidity in the credit markets.

The bill provides \$730 million to SBA and makes changes to the agency's lending and investment programs so that they can reach more small businesses that need help. The funding includes:

- \$375 million for temporarily eliminating fees on SBA-backed loans and raising SBA's guarantee percentage on some loans to 90 percent. The elimination of fees, announced on March 16, will remain in effect until the end of the calendar year or until the funding is exhausted. The elimination of fees is retroactive to the day the Recovery Act was signed into law.
- \$255 million for a new loan program to help small businesses meet existing debt payments.

■ \$30 million for expanding SBA's Microloan program, enough to finance up to \$50 million in new lending and \$24 million in technical assistance grants to microlenders.

■ \$20 million for technology systems to streamline SBA's lending and oversight processes.

■ \$15 million for expanding SBA's Surety Bond Guarantee program.

■ \$25 million for staffing up to meet demands for new programs.

■ \$10 million for the Office of Inspector General. **SBA**

Learn More Online

- SBA's ARRA Web site, www.sba.gov/recovery
- Recovery Act Frequently Asked Questions for Small Business Owners, www.sba.gov/idc/groups/public/documents/sba_homepage/recovery_act_faqs.pdf
- Recovery Act Legislation, www.sba.gov/idc/groups/public/documents/sba_homepage/recovery_act_faqs.pdf

Federal Minimum Wage

continued from page 1

The youth minimum wage also remains the same. Employees under 20 years of age may be paid \$4.25 per hour during their first 90 consecutive calendar days of employment.

Every employer of employees subject to the FLSA's minimum wage provisions must post, and keep posted, a notice explaining the Act in a conspicuous place in all of their establishments so as to permit employees to readily read it.

Required posters and other compliance assistance materials concerning the minimum wage increase are available on the Department of Labor's Wage and Hour Division Web site. **DOL**

Learn More Online

■ Department of Labor's Wage and Hour Division, www.wagehour.dol.gov

■ U.S. Department of Labor's toll-free help line at 1-866-4US-WAGE (487-9243)

ARRA Increases the Transportation Fringe Benefit Exclusion

The American Recovery and Reinvestment Act of 2009 increased the exclusion amount for qualified transportation fringe benefits from \$120 to \$230 per month. The increased exclusion amounts are for employer-provided commuter highway vehicle transportation and transit benefits, and now match the similar exclusion for qualified parking benefit, which had previously exceeded the transportation benefit exclusion. These benefits are excluded from an employee's wages for income tax purposes and are not subject to payroll tax withholdings.

The increased transportation fringe benefit exclusion is effective from March 1st of 2009 until December 31, 2010. More information about the transportation fringe benefit exclusion is available on the ARRA pages on IRS.gov and in Publication 15-T, *New Wage Withholding and Advanced Earned Income Credit Payment Tables (For Wages Paid Through December 2009)*, which is also available on IRS.gov.

Davis-Bacon Application to Construction Projects Funded Under ARRA

The American Recovery and Reinvestment Act of 2009 (ARRA) requires that all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Recovery Act shall be paid wages rates not less than those determined by the Secretary of Labor to be prevailing on projects of a character similar in the locality.

Department of Labor's regulations instruct agencies concerning application of the standard

Davis-Bacon contract clauses. Federal agencies providing assistance, grants, loans, or guarantees under the ARRA shall ensure that the standard Davis-Bacon contract clauses are incorporated in any resultant covered contracts that are in excess of \$2,000 for construction, alteration or repair (including painting and decorating).

The Department of Labor's Wage and Hour Division has a Web page containing information on prevailing wage labor standards applicable to construction projects funded under ARRA. The

Copeland "Anti-Kickback Act" and overtime pay requirements under the Contract Work Hours and Safety Standards Act also apply to ARRA funded construction. In addition, ARRA appropriations will fund federal service contracts subject to the Service Contract Act (SCA), and federal contracts subject to coverage under the Walsh-Healey Public Contracts Act (PCA). **DOL**

Learn More Online

■ Employment Standards Administration (ESA), www.dol.gov/esa/whd/recovery/index.htm

Some Employees May Want to Adjust Their W-4s Under the New Withholding Tables



The new 2009 withholding tables issued to implement ARRA's Making Work Pay Credit may place some employees in a slightly "underwithheld" situation by the end of the year. To avoid employee complaints about owing tax when they file their 2009 income tax returns in 2010, the American Payroll Association advises that you may want to provide your workers with the "Notice to Employees" on page 73 of IRS Publication 15-T.

In particular, the following people may be affected:

- married couples with both spouses earning wages
- individuals working multiple jobs at one time
- anyone who may be claimed as a dependent on another person's return
- people receiving income from a pension
- individuals receiving Economic Recovery Payments

These people may want to use IRS's Withholding Calculator which has been updated to reflect the impact of the Making Work Pay Credit, and then file a new Form W-4.

Two incomes—married or single

The new tables, compared with those originally in place for 2009, will generally decrease federal income tax withholding by the end of the year by \$400 for single individuals and \$600 for married individuals. The differential may be less for lower-paid workers. In addition, this decrease begins to phase out as the combination of wages and withholding allowances suggests a modified adjusted gross income (AGI) of at least \$75,000 for single individuals (\$150,000 for joint filers), and disappears completely at a modified AGI of \$95,000 (\$190,000 for joint filers).

If both members of a couple earn wages, they may see a combined reduction in withholding of \$1,200 between April 1 and the end of the year (slightly more if the new tables were implemented before April 1). However, the true tax credit caps at \$800 for a couple filing jointly. This also means that a married person with a non-working spouse will have \$600 less in withholding but be entitled to a credit of \$800 on his or her tax return.

An individual who works two jobs concurrently may have a reduction in withholding, up to \$400, at each job. However, he or she will be entitled to a credit of no more than \$400 on the 2009 personal income tax return. This problem does not arise for someone who moves from one single job to another single job (no matter how many times) between April 1 and the end of the year.

Dependents and pensioners

Anyone who may be claimed as a dependent on another person's return is not eligible for the new tax credit. Of course, you have no way of knowing whether any of your employees fall into that category. Some of these taxpayers may want to ask for additional withholding on their W-4 (e.g., \$400 divided by the number of pay dates remaining in the year). However, if a dependent's wages are low, he or she may not see a full \$400 or \$600 reduction in withholding anyway – or any reduction at all, if the dependent claims exempt from withholding.

While the tax credit applies to "earned income," the new withholding tables are also used for withholding from pensions, which are not "earned income." So, pensioners earning less than the threshold modified AGI amounts may have \$400 or \$600 less withheld, even though this income is not eligible for the credit.

Economic Recovery Payments

The following individuals will get a one-time "Economic Recovery Payment" of \$250 in 2009:

- retirees, disabled individuals, and Supplemental Security Income recipients receiving benefits from the Social Security Administration
- disabled veterans receiving benefits from the U.S. Department of Veterans Affairs
- railroad retirement beneficiaries

The Economic Recovery Payment will be made by the agency that normally pays benefits to the individual, and anyone who is eligible under more than one category is entitled to only one payment. The payment will reduce the calculation of the Making Work Pay tax credit for which the individual may qualify and claim on his or her 2009 personal tax return. So, if both members of a married couple earn wages and receive social security benefits, they could each see a \$600 reduction in withholding and each receive a \$250 payment from the SSA, amounting to a total assistance of \$1,700. However, when they file their tax return, they will calculate their total assistance-eligibility as only \$800. **APA**

Learn More Online

- The Making Work Pay Tax Credit, www.irs.gov/newsroom/article/0%2C%2Cid=204447%2C00.html
- IRS Publication 15-T, www.irs.gov/pub/irs-pdf/p15t.pdf
- IRS's Withholding Calculator, www.irs.gov/individuals/article/0%2C%2Cid=96196%2C00.html

Editor's Note: The American Payroll Association's strong partnership with the IRS and SSA allows it to prepare its classes and publications, such as The Payroll Source®, with the most accurate and up-to-date information to educate employers. More information about the APA is available at <http://www.americanpayroll.org>.

Small Business Owners—Join the W-2 Online World

Did you think about filing your W-2s electronically this year, but you were just too busy to register? Now is the perfect time to register with Social Security for the next wage reporting season. All you need is something you probably already have—a computer and an Internet connection. By the way, if you need some help our phone lines aren't as busy this time of year, so you won't have to wait long for assistance.

Starting at the Social Security Employer Homepage, www.socialsecurity.gov/employer, select the "Business Services Online" link, then select the "Register" option on the next screen. You can register for a User ID and choose your own password. We'll ask you questions that you already know the answer to, such as: your name, Social Security number and Employer Identification Number. Registration can be done at any time, but we suggest you register now so you'll be ready before January when W-2 season rolls around again.

When you're ready to prepare your W-2s next year, you'll simply log on to www.socialsecurity.gov/employer, select Business Services Online, and with your User ID and the password you chose, you're

ready to create wage reports online—for free.

Here's how to use W-2 Online, our free W-2 software. If you are a third party you may use this for each of your clients.

- Provide the employer name and the Employer Identification Number.

- Complete a blank W-2 screen for each employee. The screens look exactly like the paper Form W-2, and best of all, you can stop at any time, save your work, and resume processing when you're ready.

- After you have completed all of the W-2s, up to 20 at a time, a W-3 will appear on the screen already filled in. It also looks exactly like the paper W-3 you have been completing for years, but unlike paper filing, you don't need to sign or send the W-3. If you're a third party your clients do not need to sign it either.

- Once you're done, the instructions will tell you how to print copies of the W-2s and W-3 so you can review them for accuracy. You can make any corrections and print a copy for your employees and for your records.

Just think, you can give your employees a copy by January 31st, but you don't have to file until March

31st, giving you more time for other business needs.

Another big advantage to electronic wage reporting is that if you find that you have made a mistake, you can correct it before you submit your report.

After you submit the W-2s, you will also get a printable electronic receipt as proof that you have filed to save along with the W-3—you don't mail the W-3. Plus, you can still make corrections electronically after you have already submitted a report by using W-2c (correction) fill-in screens.

Social Security wants you to save time and energy. You'll also be "Going Green" by turning your entire wage reporting paperwork process into just a few keyboard clicks!

If you're still unsure, just ask some of your fellow business owners who have already made the switch, they'll tell you that they'll never go back to paper again! **SSA**

Learn More Online

- Forms & Publications: www.socialsecurity.gov/employer/pub.htm

- Employer Website: www.socialsecurity.gov/employer

Forms W-2c/W-3c Online for Free!

You can create, save, print and submit up to 5 Forms W-2c per Form W-3c in Business Services Online for free. There is no limit on the number of Forms W-3c an employer or submitter can complete, even if there are multiple Forms W-3c for the same Employer Identification Number (EIN). At any one time, you can have up to 50 Forms W-3c that can be saved and resumed or submitted later. Forms that are "under construction" (not yet submitted) are maintained for 120 days to allow you time to complete and submit them.

If you have not submitted your report, Social Security recommends that you take advantage of the pre-submission file—a PDF that is provided to help you print the Forms W-2c for distribution to employees and/or employers for review. After you review for errors, and since you haven't submitted them yet, any errors found can be

corrected and saved and the 'final version' of the forms can be submitted to Social Security.

Social Security also recommends that you take advantage of the final PDF of the wage reports you created and submitted using W-2c Online. The final PDF(s) can be saved to your computer for your records. The final PDF(s) are available for download for only 30 days from the date of submission.

You should be aware that although Social Security reproduces IRS' Forms W-2c, Social Security emphasizes that it will not use this information or forward it to any state or local entity. **SSA**

Learn More Online

- Business Service Online: www.socialsecurity.gov/employer

APA's National Payroll Week Website: Lots of Great Resources, and a Free Paycheck!

National Payroll Week (NPW), September 7-11, 2009, celebrates the hard work of America's 156 million wage earners, the payroll professionals who pay them and the organizations for which we all work. Together, through the payroll withholding system, employees and employers contribute, collect, deposit, and report over \$1.8 trillion, or 65.7%, of the annual revenue of the U.S. Treasury (*IRS 2008 Data Book*, Table 1).

APA's National Payroll Week Web site has handy tools to help you and your employees. Complete the short, online "Getting Paid In America" survey to be entered into a drawing for a free paycheck (the average of all biweekly pay in the U.S., according to the Bureau of Labor Statistics), and a free trip for two to Las Vegas.

Learn more online on APA's National Payroll Week at the NPW website, www.nationalpayrollweek.com. **APA**

Consent-Based Social Security Number Verification (CBSV) Service Open Enrollment for New Customers

CBSV is a fee-for-service option available to any interested party with an Employer Identification Number (EIN), including private businesses, government agencies, and tax preparers. *Participating companies can verify whether a name and Social Security number (SSN) match Social Security's Master File only with the number holder's written consent.* The written consent authorizes Social Security to disclose the SSN verification to the requesting party and may only be used for the reason specified on the consent form. CBSV may also be used as part of the pre-hiring process.

CBSV has enrolled more than 100 companies since November 2008, including firms providing background and

pre-employment checks, tax preparation, and financial services. Users have a choice of three possible access modes: web service, internet online, or batch. The service provides instantaneous, automated verification and can easily handle large volume requests.

To use CBSV, a company must sign an agreement with Social Security, pay a non-refundable enrollment fee of \$5,000, and then pay a transaction fee of \$0.56 per SSN verification request. The transaction fee must be paid in advance. Periodically, Social Security recalculates the costs it incurs for providing the CBSV service and adjusts the transaction fee it charges. Subscribers will be notified, in writing, of any change in the transaction fee. Social

Security may close enrollment to CBSV at its discretion.

Note: CBSV is different from the Social Security Number Verification Service (SSNVS). SSNVS is solely for employers to verify the information of their employees or former employees before preparing and submitting Forms W-2. SSNVS, unlike CBSV, cannot be used as part of the pre-hiring process. Since SSNVS supports Social Security's program administration, there are no fees for using SSNVS and the signed consent of the number holder is not required.

SSA

Learn More Online

- CBSV Enrollment: www.socialsecurity.gov/cbsv
- Email Questions to: SSA.CBSV@ssa.gov

Free e-Filing Options for Extension Filers

Taxpayers who missed the April 15 filing deadline and applied for a six-month extension using IRS Form 4868 can still realize the benefits of e-filing. And this year, they have even more free electronic filing choices. Just go to IRS.gov and choose from two Free File options.

Free File is available to taxpayers who have an adjusted gross income of \$56,000 or less in 2008—with free federal income tax preparation and electronic filing. It's free, fast and accurate; perfect for those seeking assistance in completing their returns:

- It provides step-by-step help in filling out and submitting online forms to the IRS.
- It asks simple questions and then puts the answers on the right lines.
- It automatically calculates the math and checks for accuracy.
- It covers the most commonly filed Federal tax forms and schedules.
- It is available in Spanish.
- It is free of charge, but only by going to the Free File section of IRS.gov. (If not accessed through the IRS website, taxpayers may be charged a fee.)

Free File Fillable Forms is a new IRS.gov tool that allows taxpayers of any income to prepare and file their federal tax return online without the use of tax software. Free File Fillable Forms is best suited for those who prepare their own paper returns without the assistance of a tax return preparer or tax preparation software, and the most commonly-used federal tax forms are available.

Taxpayers who have successfully used paper forms and do not need assistance will be comfortable with this e-filing method. Fillable Forms allow taxpayers to:

- Choose, complete and submit electronic versions of standard IRS forms.
- Select from the most common federal forms and schedules, including 1040, 1040A and 1040EZ. (State forms and state e-file are not available.)
- Perform basic mathematical calculations.
- Save partially completed forms and come back to them later.
- Sign the completed forms electronically.
- Print and e-file federal returns free of charge.

Both Free File methods are safe and secure. With either, taxpayers can file their returns any hour of the day or night. They will get an e-mail confirmation within 24 hours stating that their returns were received by the IRS. And those who are due a refund can get it faster—within 10 days when using Direct Deposit.

With all the benefits of e-filing, there's no good reason not to use it, even when extension filing.

No matter which method they choose, extension filers must make sure to pay any amounts due to the IRS by April 15 and file their returns by October 15. [IRS](http://IRS.gov)

Learn More Online

- Free File, www.irs.gov/efile/article/0%2C%2C?id=118986%2C00.html?portlet=4

U.S.–Polish Social Security Agreement

If you have U.S. employees working in Poland or Polish personnel working in the U.S., you may be able to realize substantial tax savings under a new Social Security Agreement effective March 1, 2009.

The new Agreement helps reduce business costs by eliminating double taxation for old-age, survivors and disability insurance under the U.S. and Polish systems. Under the Agreement with Poland, these workers and their employers are covered and taxed either under the U.S. Social Security and Medicare system or under the Polish Social Security system rather than both.

The Agreement also helps fill gaps in benefit protection for people who have divided their careers between the U.S. and Poland. Workers and their families may qualify for partial U.S. or Polish Social Security benefits based on combined credits from both countries.

The U.S. also has Social Security Agreements with 23 other countries. [SSA](http://SSA.gov)

Learn More Online

- U.S.–Poland Social Security Agreement, www.socialsecurity.gov/international/AgreementPamphlets/Poland.html
- Social Security Online, International Agreements, www.socialsecurity.gov/international
- Social Security's Office of International Programs (410) 965-3451 or (410) 965-3543

News and Announcements

Is it too good to be true?

Home-based business tax avoidance schemes

Taxpayers should be wary of any investment scheme or promotion that claims a small business can deduct what would normally be personal expenses and not ordinary and necessary business expenses. **IRS**

■ Is it Too Good to Be True? Home-Based Business Tax Avoidance Schemes, www.irs.gov/businesses/small/article/0%2C%2Cid=205163%2C00.html

Excise Tax Information

IRS has information on excise taxes that may affect small businesses. **IRS**

■ Publication 510, *Excise Taxes (Including Fuel Tax Credits and Refunds)*, www.irs.gov/pub/irs-pdf/p510.pdf

■ The IRS.gov Excise Tax Web page, www.irs.gov/businesses/small/article/0%2C%2Cid=99517%2C00.html

■ Business and Specialty Tax Line, (800) 829-4933

Surviving in a down economy:

SBA offers new online resources

The Small Business Administration is offering free online training and other resources to help small businesses during these challenging economic times. **SBA**

■ Free Online Courses, www.sba.gov/services/training/onlinecourses

Correcting an Incorrectly Reported Tax Year or Employer Identification Number (EIN)

To correct an incorrect tax year or EIN on Form W-2, file one Form W-2c showing the incorrect tax year or EIN and reducing the previously-reported money amounts to zero. You will also need to file a second Form W-2c reporting the money amounts (showing zeros in the "Previously reported" columns) in the correct year or with the correct EIN. Consider our free W-2c Online software from our Business Services Online website, www.socialsecurity.gov/employer. **SSA**

Reporter

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Comments may be sent to John Berger, Editor

Mail (NOT for change of address):

Internal Revenue Service
Small Business/Self-Employed Communications
Room 940, Fallon Building
31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):

SSA.IRS.REPORTER@irs.gov

Fax 410-962-2572

Change of Address? Out of Business?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center Cincinnati, OH 45999

Ogden IRS Center MS:6273, Ogden, UT 84207
Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center, Philadelphia, PA 19255

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Businesses" in the upper right-hand search box, click

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Fall 2009

A Newsletter for Employers

American Recovery and Reinvestment Act of 2009 Provides Energy Incentives for Businesses

The American Recovery and Reinvestment Act of 2009 (ARRA) provides a number of energy tax incentives for both small and large businesses. The IRS encourages businesses to explore whether they are eligible for any of the new energy tax provisions as many energy-saving steps taken this year may result in bigger tax savings next year.

Here are some of the major provisions that apply:

Extension of Renewable Energy Production Tax Credit

This law extends the "eligibility dates" of a tax credit for business facilities that use wind, closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower and marine and hydrokinetic renewable energy. The "placed in service date" is now Dec. 31, 2012 for wind facilities and Dec. 31, 2013 for the other facilities.

Election of Investment Credit in Lieu of Production Credit

Businesses that operate facilities that produce electricity from wind and some other renewable resources after Dec. 31, 2008 can now choose either the energy investment tax credit or the production tax credit.

Repeal of Certain Limits on Business Credits for Renewable Energy Property

ARRA repeals the \$4,000 limit on the 30 percent tax credit for small wind energy property and the limitation on property financed by subsidized energy financing for property placed in service after Dec. 31, 2008.

Coordination with Renewable Energy Grants Business taxpayers can apply for a grant in lieu of claiming either the energy investment tax credit or the renewable energy production tax credit for property placed in service in 2009 or 2010.

Temporary Increase in Credit for Alternative Fuel Vehicle Refueling Property

Qualified property placed in service in 2009 and 2010 is now eligible for a 50 percent credit, and the

per-business location limit increases to \$50,000. Property relating to hydrogen remains at the 30 percent rate, but the per-business location limit rises to \$200,000.

In addition, there are several other energy credits available that small businesses should be aware of, such as:

Residential Energy Property Credit The new law increases the energy tax credit for homeowners who make energy efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010. The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and air conditioning systems.

Plug-in Electric Drive Vehicle Credit The new law modifies the credit for qualified plug-in electric drive vehicles purchased after Dec. 31, 2009.

Plug-In Electric Vehicle Credit The new law also creates a special tax credit for two types of plug-in vehicles — certain low-speed electric vehicles and two- or three-wheeled vehicles.

IRS

Learn More Online

- The American Recovery and Reinvestment Act of 2009: Information Center, www.irs.gov/newsroom/article/0%2C%2Cid=204335%2C00.html
- Energy Incentives for Businesses in the American Recovery and Reinvestment Act, www.irs.gov/newsroom/article/0%2C%2Cid=209564%2C00.html
- Energy Incentives for Individuals in the American Recovery and Reinvestment Act, www.irs.gov/newsroom/article/0%2C%2Cid=206875%2C00.html

Take Advantage of Social Security's Business Services Online

Business Services Online (BSO) lets organizations and authorized individuals conduct business with and submit confidential information to Social Security. You must register to use this website. Registered users may request, activate and access various BSO services and functions.

The following services are available within BSO:

Report Wages to Social Security—Send W-2s and W-2cs to Social Security either by uploading a specifically formatted electronic file or by directly keying W-2s and W-2cs in an online form. You can view file processing status. Notices to resubmit a wage file can be acknowledged online. In addition, you can request a one-time 15-day extension of the deadline for resubmitting wage data.

View File/Wage Report Status, Errors, and Error Notices—View the processing status, errors and error notices for wage files and/or wage reports submitted by or for your company.

View Name and Social Security Number Errors—View the processing status, errors (including Name and Social Security number (SSN) mismatches), and error notices for wage files and/or wage reports submitted by or for your company.

Social Security Number Verification Service—Complete an online form or submit specifically formatted files to request verification of names and SSN of employees of the company for which you work or the company that has hired you to perform this service.

Proper Uses of Social Security Number Verification Service (SSNVS)

- Social Security will verify SSNs solely to ensure that the records of current or former employees are correct for the

purpose of completing Form W-2 (*Wage and Tax Statement*).

- Do not use the service to verify SSNs of potential new hires or contractors.
- Company policy concerning the use of SSNVS should be applied consistently to all workers, for example:
 - If used for newly hired workers, verify information on all newly hired workers.
 - If used to verify information on other workers on your database, verify the information for all workers on the entire database.
- Third party use of SSNVS is strictly limited to organizations that handle annual wage reporting responsibilities for employers and have an authorized and valid contract to do so. SSNVS is not for individuals/companies who conduct identity verification, background checks or other related services for employers or other parties.
- Anyone who knowingly and willfully uses SSNVS to request or obtain information from Social Security under false pretenses violates Federal law and may be punished by a fine, imprisonment, or both.
- Social Security will advise you when a name and SSN you submitted does not match our records.
 - This response does not imply that you or your employee intentionally provided incorrect information about the employee's name or SSN.
 - This response does not make any statement about your employee's immigration status.
 - This response is not a basis, in and of itself, for you to take any adverse action against the employee, such as

laying off, suspending, firing, or discriminating against the employee.

If you rely only on the information SSA provides regarding name and SSN verification to justify adverse action against a worker, you may violate State or Federal law and be subject to legal consequences.

Form SSA-1694—Submit or update Business Taxpayer Information in order to receive a Form 1099 for work related to claimant representation.

Internet Representative Payee Accounting Service—Allows individual and organization representatives to file their Representative Payee Report electronically. This includes the following:

- Form SSA-623 for Individual Representative Payee;
- Form SSA-6230 for parents, stepparents and grandparents with minor children in custody; and
- Form SSA-6234 for Representative Payee organizations.

Allows submission and printing of the appropriate representative payee accounting forms and allows downloading submitted forms for up to 30 days after submission.

Account Maintenance—Request access to BSO services, activate services, change your password, update your user registration information, update your employer information, deactivate your User ID, remove employer information, and remove access to BSO services. **SSA**

Learn More Online

- Business Services Online, www.ssa.gov/bsowelcome.htm

Business Services Online—Software Demonstration

This software demonstration uses dynamic screen simulations and supporting audio to provide an introduction to the use of Business Services Online (BSO) for electronic wage reporting. It is for employers and/or submitters who would like to explore the business services available.

It is divided into five sections of recorded screen actions that can be viewed individually. The content is generic in nature and is intended to provide you with a clear overview of the common services available. It does not provide specific instructions for every possible use of Business Services Online.

You will need the Macromedia Shockwave Player to view the demonstration. If you do not have Shockwave Player on your computer, you can use the link below to download a free copy. **SSA**

Learn More

- Business Services Online Software Demonstration, www.ssa.gov/employer/OnlineEWR_Intro.htm
- Download Adobe Shockwave Player, <http://get.adobe.com/shockwave>
- Call 1-800-772-6270 (TDD/TTY 1-800-325-0778) or send an email to employerinfo@ssa.gov

Understanding Electronic Records Express

Electronic Records Express is an initiative by Social Security and state Disability Determination Services (DDS) to offer electronic options for submitting health and school records related to disability claims.

When you receive a request for health or school records or other information about a person who has applied for Social Security disability benefits, you can choose the method of sending the information that works best for you:

- online to Social Security's secure website; or
- By fax to your state DDS or to Social Security.

The records you send are automatically associated with the applicant's unique disability claim folder. **SSA**

Learn More Online

- Electronic Express Records Login, <https://secure.ssa.gov/acu/iresear/login?URL=/apps9/ERE/home.do>

October is National Disability Employment Awareness Month

Tax Benefits for Businesses that have Employees with Disabilities

October is National Disability Employment Awareness Month. Small businesses can increase awareness and share information about the contributions and skills of workers with disabilities and may also be eligible for federal tax credits.

There is a wide array of tax benefits available to persons with disabilities, ranging from standard deductions and exemptions, to business and itemized deductions, to credits. (More information is available at IRS.gov, search *disability*, or consult the resources listed at the end of this article.) Businesses accommodating people with disabilities may qualify for some of the following tax credits and deductions:

- **Disabled Access Credit** provides a non-refundable credit for small businesses that incur expenditures for the purpose of providing access to persons with disabilities.
- **Architectural Barrier Removal Tax Deduction** encourages businesses of any size to remove architectural and

transportation barriers to provide easier access for persons with disabilities and the elderly. Businesses may claim a deduction of up to \$15,000 a year for qualified expenses for items that normally must be capitalized.


■ **Work Opportunity Credit** provides eligible employers with a tax credit of up to 40 percent of the first \$6,000 of first-year wages of a new employee who is disabled.

Talking Tax Forms

The IRS is committed to making every document available at IRS.gov accessible to the widest possible audience. This includes persons using special assistive technology, such as screen reading software, refreshable Braille displays, and voice recognition software.

There are currently more than 550 talking tax forms that work with MSAA-compliant screen readers, as well as Dragon Naturally Speaking voice recognition software. Forms and other government documents require the use of Adobe Acrobat Portable Document Format (PDF). Submit

comments on the "talking" tax forms using the comments page (see below).

The IRS Alternative Media Center offers hundreds of its most popular tax forms and publications for download. All forms have been transcribed for Braille, and can be sent directly to an embosser for high quality Braille output. Visit IRS.gov, search *accessible*, for more information. 

Learn More Online

- Tax Benefits for Businesses Who Have Employees with Disabilities, www.irs.gov/businesses/small/article/0%2C%2Cid=185704%2C00.html
- Disability Information for Individuals, Businesses, and Partners Providing Services, www.irs.gov/individuals/article/0%2C%2Cid=186828%2C00.html
- Comments on Talking Tax Forms, www.irs.gov/formspubs/page/0%2C%2Cid=10178%2C00.html
- Accessible IRS Tax Products, www.irs.gov/formspubs/article/0%2C%2Cid=96151%2C00.html

Take the Next Step: Ask Your Tax Professional to e-file Your Return

When preparing their income tax returns, many taxpayers rely on the services of a tax professional to help determine qualified deductions, answer questions and decipher the latest tax rules and regulations. Tax professionals, who are on top of the latest business trends, also use e-file.

Advantages of e-file

Using electronic filing and paying continues to grow. More than 90 million tax returns were electronically filed in 2009, with 59 million of all returns being e-filed by tax professionals due to the benefits of e-file over paper returns:


- IRS e-file is popular because it's fast, secure and accurate.
- An electronically prepared and filed return has an error rate of less than 1 percent, compared to about 20 percent for a paper prepared return.
- Taxpayers can receive a refund in as little as 10 days if they request that their tax professional use e-file and Direct Deposit.
- Taxpayers who owe can pay electronically by debiting their financial account or using a credit card, and can even defer payment until April 15.

Ask Your Tax Professional to e-file

Taxpayers who use tax professionals to prepare their returns should ask them to use e-file, even if

some charge a fee. Tax professionals who are accepted into the IRS's *e-file* program are called "Authorized IRS *e-file* Providers." Taxpayers can identify these approved practitioners by looking for this designation.

The IRS is making it easier for taxpayers and tax professionals to use e-file. e-file has improved over the years with nearly all tax forms available now. Taxpayers are now able to sign their tax forms electronically with a designated PIN using the previous year's adjusted gross income (AGI). In addition, there are several resources on IRS.gov for questions and support on e-file.

Increasingly, taxpayers will be asking their tax professionals to e-file their returns for the many benefits that include speed of their refund and accuracy in their return. To learn more about benefits of e-file or about "Authorized IRS *e-file* Providers," visit IRS.gov. 

Learn More Online


- IRS *e-file*: Filing your taxes online was never easier! www.irs.gov/efile/index.html?portlet=8
- e-file Made Easy—A Tax Professional's One-Stop e-file & e-Pay Shop, www.irs.gov/efile/article/0%2C%2Cid=120335%2C00.html

Combined Federal State Filing Program Enhances Validation Process

The Combined Federal State Filing Program was established to simplify reporting of Information Returns (1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R and 5498) to participating states. Due to increased concerns over proper disclosure of information, the Information Reporting Program is enhancing the validation process of combined federal/state data.

Beginning in Tax Year 2009 (Calendar Year 2010), the IRS will verify the accuracy of the following field positions:

- If field position 26 in the 'A' record contains a '1,' then field positions 747-748 in the 'B' record must contain a valid state code or blanks.
- If the 'B' record contains a state code in field positions 747-748, then the 'A' record must contain a '1' in field position 26.

To ensure that your files are accurate, we encourage all participants to send a test file annually prior to submitting your original information returns. IRS will accept test files electronically through the FIRE (Filing Information Returns Electronically) System from November 1 through February 15. 

Learn More Online

- Pub 1220, *Specifications for Filing Forms 1098, 2099, 3921, 3922, 5498 and 8935 Electronically*, www.irs.gov/pub/irs-pdf/p1220_07.pdf

News from the Office of Child Support Enforcement

OCSE Portal Saves Employers Time and Money When Filing Child Support Orders Electronically

The Federal Office of Child Support Enforcement's (OCSE) Portal is bringing standardization and centralization to the child support community with Electronic Income Withholding Orders (e-IWO).

The Electronic Income Withholding Order (e-IWO) enables State child support enforcement agencies to electronically transmit Income Withholding Orders (IWOs) to employers using standardized, uniform record layouts based on the "Income Withholding for Support" document.

Advantages of e-IWOs

Many large employers and 19 States are taking advantage of the fully functional and operational electronic process using the OCSE Portal. Proven to increase child support collections, the e-IWO will save both employers and States time, money and resources.

The Portal coordinates, manages and facilitates the transmission of all e-IWO files from States and employers. Filing IWOs electronically has many other advantages:

- When a single layout is used by all States employers and payroll processors can always rely on consistent data.
- Having this Portal means that employers only have one place with which they must connect for the e-IWO process.
- The portal operates in a secure environment—all transmissions and data files are protected.
- Income withholding orders established and made available for electronic processing by the States are pulled from the States' system, verified to ensure data format and types are consistent with data rules and forwarded to the employer using the Portal.

Two Options to Implement e-IWOs

Employers/payroll processors have two options to implement the e-IWO process.

1. Programming Option—This is a fully automated process where e-IWO files are received through the OCSE Portal and automatically update the employer's payroll system.

2. No Programming Option—If employers do not have the Information Technology resources available to fully automate the process they can choose to receive a Portable Document Format (PDF) of the IWO along with a fillable PDF or spreadsheet of the Acknowledgment. With this option employers need only complete the Acknowledgment, which involves minimal data entry and then save the document so it can be retrieved by the Portal.

After receiving the e-IWO, the employer generates an electronic acknowledgement indicating the action taken (e.g., the IWO was implemented, the IWO was rejected because the employee is not employed there, etc). With this acknowledgement process, States receive notification much sooner (within days) if an obligor's employment has ended or if an obligor has never been employed by a particular employer—all electronically. **HHS/OCSE**

Learn More

- Software Interface Specification document, which contains all the background and technical documentation, may be found at www.acf.hhs.gov/programs/cse/newhire/employer/publication/eiwo/sis/eiwo_sis_qc.htm
- Federal Office of Child Support Enforcement at www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm
- Contact Sherri Grigsby, Manager, Employer Services & Special Matching Programs Federal Office of Child Support Enforcement at sherri.grigsby@acf.hhs.gov, (202) 401-6114 or Bill Stuart at william.k.stuart@lmco.com.

Reporting New Hires is Mandatory

The federally mandated New Hire Reporting program is vital to the success of the child support enforcement program. Employers make a huge difference in ensuring that children

receive the financial support they deserve by submitting new hire data to state agencies shortly after the date of hire.

This information is stored on the State Directory of New Hires and then forwarded to a centralized repository, the National Directory of New Hires, which contains employment information (new hire reports, quarterly wage reports, and unemployment claimant data) for the entire nation.

These data are matched daily against child support cases to locate missing parents, establish paternity, establish or modify child support orders, enforce support orders and obtain health insurance coverage for children. States also use the information from employers to reduce overpayments in areas of unemployment insurance, disability insurance and workers' compensation benefits.

Many states have Internet reporting, reporting by phone and reporting by fax to make it easier for employers to report their new hire data. In addition, multi-state employers may elect to submit all their new hire reports to one state. If employers choose this option, they must notify the Secretary of HHS of the state that they have chosen. Notifications may be submitted online on the OCSE multi-state Employer Registry (see link below) or via fax or mail to:

U.S. Department of Health & Human Services
Office of Child Support Enforcement
Multistate Employer Registration
Box 509
Randallstown, MD 21133
(410) 277-9479 (for questions)
(410) 277-9325 (fax)

For more information about New Hire Reporting, including links to each state's reporting requirements, visit the Federal Office of Child Support Enforcement website. **HHS/OCSE**

Learn More Online

- Federal Office of Child Support Enforcement at www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm
- OCSE Multistate Employer Registry at <http://151.196.108.21/ocse>

The Correct “Process” for Correcting an Employment Tax Return

Even the best of us can make a mistake on a quarterly Form 941 (or on a Form W-2, which often creates an error on the 941). The IRS has introduced a new form for correcting the dollar amounts on a previously filed 941: Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*. The American Payroll Association offers the following guidance in your first step on the form: choosing the correct process.

Remember, the 941-X is a stand-alone amendment to a Form 941 from a previous quarter. Near the top of the form, you'll indicate which quarter and year you are correcting. For each correctable line on the 941, there is a corresponding line on Form 941-X. You'll indicate the corrected amount (i.e., what you would have reported had the error not occurred), the originally reported amount, and the difference.

There are also “X” forms for each of Forms 943, 944, 945, and CT-1.

“Adjusted return” or “Claim”

After filling in your identifying information, you are asked to select your process.

■ “Adjusted employment tax return:” If you owe money to IRS, you will make a payment as you file

Form 941-X. If IRS owes you money, you'll include the amount in the “Total deposits” (line 11) on your current quarter's 941. However, you won't have to attach the 941-X to that 941.

■ “Claim:” If IRS owes you money, it will issue a refund of the amount it owes you. Or, if IRS had sent you a balance due notice for that same quarter, it will apply the amount against that balance.

Crucial timing for an “adjusted return”

If IRS owes you money and you want to use the adjusted return process (applying the amount as a deposit on a Form 941), IRS advises you to file the 941-X in the first two months of a quarter. This will give IRS enough time to process the 941-X and post the credit before you file the 941. For example, if in December 2009 you discover IRS owes you money, and you want to use the adjusted return process, you should wait until January 2010 to file Form 941-X and record the credit as a “deposit” on the 941 for the first quarter of 2010.

Corrections in both directions for one quarter

If, for one quarter, you owe money to IRS (e.g., income tax withholding), and IRS owes you money

(e.g., social security tax), it's a little more complicated.

■ Use the adjusted return process if the net of the corrections is that you owe IRS, or if the net result is that IRS owes you and you want to apply the credit to your next 941. (Interestingly, you cannot “claim” a refund, even if the net result is that IRS owes you.)

■ Or, file two separate Forms 941-X. Use the adjusted return process for the amount you owe IRS (and make a payment). Use the claim process for the amount IRS owes you (and IRS will send a refund).

Be sure to also see the new expanded instructions for this form, which include lots of examples. **APA**

Editor's Note: The American Payroll Association's strong partnership with the IRS and SSA allows it to prepare its publications and classes, such as Preparing for Year-End and 2010, with the most accurate and up-to-date information to educate employers. More information about the APA is available at <http://www.americanpayroll.org>.

Learn More Online

■ Correcting Employment Taxes, www.irs.gov/businesses/small/article/0%2C%2Cid=187188%2C00.html

■ Form 941, www.irs.gov/pub/irs-pdf/f941.pdf

■ Form 941-X, www.irs.gov/pub/irs-pdf/f941x.pdf

APA Seminar Addresses Compliance Issues of Year-End Payroll Processing

The American Payroll Association's one-day class, *Preparing for Year-End and 2010*, at locations around the country from Mid-October through mid-November, provides updates on the latest changes in legislation and regulations that affect the close of 2009 and the beginning of 2010, including:

- Calendar of year-end tasks
- Fringe benefit taxation and reporting
- DOL guidance on compensability of on-call time
- New Form I-9 and new list of acceptable work authorization documents
- Payroll aspects of the president's FY 2010 budget proposal
- Annually announced values (pension plan limits, mileage rates, etc.)

Most of the one-day classes also include a presentation by IRS and SSA. The classes will also be offered as a series of webinars over the Internet. Some classes are customized for government/public sector payrolls and for accounts payable professionals.

For more information, visit the APA Web site at www.americanpayroll.org/product/7/60 (one-day classes) and www.americanpayroll.org/product/49/120 (webinars). **SSA**

Changes for Filing Amended Forms 1042-S Electronically for TY2009

Chapter Three Withholding, Form 1042-S (*Foreign Person's U.S. Source Income Subject to Withholding*), has made minor changes to the amendment process for the upcoming tax year. A new field will be added to the “W” and “Q” records, to file amended returns.

Amended transactions must now reflect an Amended Return Indicator in position 810 of the W and Q records.

- For an Error Type 1: Enter a “G” in position 810 for all W and Q Records.
- Error Type 2: Step 1, enter a “G” in position 810 for all W and Q records. Step 2, enter a “C” in position 810 for all W and Q Records. (Step 2 for Error type 2 must now also have the Type Return Indicator of 1.)

Note: All amended returns must continue to also have a return type indicator of “1” in position 2 of the “W” and “Q” records. This includes the second step of the 2 step correction. Position 810 within the record layout was designed to improve the accuracy of the amended returns process. **IRS**

Learn More Online

■ Pub 1187, *Specifications for Filing Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, Electronically*, www.irs.gov/pub/irs-pdf/p1187.pdf

■ Call toll-free 1-866-455-7438

News and Announcements

Information on E-Business and E-Commerce

A new tax center on IRS.gov provides a centralized source for E-Business and E-Commerce related issues. **IRS**

- Is it Too Good to Be True? Home-Based Business Tax Avoidance Schemes, www.irs.gov/businesses/small/article/0%2C%2Cid=205163%2C00.html

New Additions on the Small Business Video and Audio Presentations Page

The IRS Small Business Video and Audio Presentations website on IRS.gov includes many short presentations dedicated to helping small businesses. To view the videos, please download the Flash Player if you don't already have it. Recently added:

- National phone forum on proper worker classification
- A three-part series on correspondence examinations **IRS**

Small Business Video and Audio Presentations are at www.irs.gov/businesses/small/article/0%2C%2Cid=97726%2C00.html

Processing Online Forms W-2C for Prior Tax Years

Effective December 7, 2009, Business Services Online (BSO) will begin accepting online Form W-2Cs submitted for tax years 2006 through 2009. Correction reports for those years can be submitted through April 15, 2010. Beginning on April 15, 2010, however, only W-2Cs for tax years 2007 through 2009 can be submitted, due to the 3 year 3 month and 15 day statute of limitations. **SSA**

- BSO Wage News at www.ssa.gov/bsowagenews.htm

IRS Provides Tips for Proper Employment Tax Treatment of Part-Time or Seasonal Workers

For many businesses, the late fall and holiday season traditionally brings an influx of part time or seasonal workers into the work force. Employers must ensure they are treating these workers properly for employment tax purposes.

Generally, workers are either employees or independent contractors, based upon the facts and circumstances of the relationship between the business and the worker.

For federal income tax withholding, Social Security, Medicare, and federal unemployment tax purposes, neither the number of hours worked nor amount earned alone determines the status of an individual as independent contractor or employee. For example, an individual can be an employee even though the individual works one hour a week or one day a year.

Furthermore, businesses must remember that part-time or seasonal workers who are employees are subject to the same tax withholding rules that apply to other employees.

More information and links to other resources about treating seasonal/part-time workers is on the Part Time or Seasonal Help Web page on IRS.gov. **IRS**

- Part Time or Seasonal Help, www.irs.gov/businesses/small/article/0%2C%2Cid=101033%2C00.html
- Publication 15 (2009), (Circular E), *Employer's Tax Guide*, www.irs.gov/publications/p15/index.html

Reporter

SSA/IRS Reporter is published quarterly, Spring (March), Summer (June), Fall (Sept.), and Winter (Dec.) by the IRS Small Business/Self-Employed Communications Office.

Comments may be sent to John Berger, Editor

Mail (NOT for change of address):

Internal Revenue Service
Small Business/Self-Employed Communications
Room 940, Fallon Building
31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):

SSA.IRS.REPORTER@irs.gov

Fax 410-962-2572

Change of Address? Out of Business?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center Cincinnati, OH 45999

Ogden IRS Center MS:6273, Ogden, UT 84207
Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center, Philadelphia, PA 19255

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IRS and SSA "Help" Phone Numbers, Web Addresses, and Additional Resources Now on IRS.gov

IRS and SSA "Help" telephone numbers, Web addresses, and additional resources are now posted on IRS.gov at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html>.

KEEP UP WITH IRS'S ARRA IMPLEMENTATION

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Social Security Administration

Internal Revenue Service

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Winter 2009

A Newsletter for Employers

No Social Security Wage Base Change for 2010

Since there will be no cost-of-living adjustment (COLA) for Social Security beneficiaries in 2010, the Social Security wage base will remain \$106,800. Section 230(a) of the Social Security Act prohibits an increase in the wage base if there is no COLA for Social Security beneficiaries. Beginning January 1, 2010, employers should continue to withhold Social Security taxes (6.2 percent) from employees' wages up to \$106,800 and withhold the Medicare tax (1.45 percent) on all wages. Employers must match the tax payments withheld from employees' wages.

In 2010, employees will earn one Social Security credit for each \$1,120 in earnings, up to a maximum of four credits for the year. The full retirement age for people born in 1944 is now 66. However, when employees reach full retirement age, they can work and receive unreduced Social Security retirement benefits.

It's also important to note that if there is no COLA, Section 203(f)(8) of the Social Security Act prohibits an increase in the retirement earnings test exempt amounts. Therefore, if

your employees are less than full retirement age when they begin to receive benefits, the amount they can earn in 2010 without their benefits being reduced is unchanged—

- Social Security beneficiaries who haven't reached full retirement age can earn \$14,160 before their benefits are reduced. For every \$2 a person earns over \$14,160 before the year of his or her full retirement age, \$1 is withheld from benefits.

- In the year employees reach full retirement age, \$1 in benefits is deducted for each \$3 they earn above \$37,680 until the month the employees reach full retirement age.

- Benefits are not reduced when employees are full retirement age or older, no matter how much they earn.

- Employees receiving Social Security disability benefits must report all wages, no matter how little they earn. **SSA**

Learn More Online

- Social Security press release at www.socialsecurity.gov/pressoffice/pr/2010cola-pr.htm

Looking for New or Updated Information on the American Recovery & Reinvestment Act (ARRA) of 2009?

IRS is continually placing new information about the tax related provisions of the American Recovery & Reinvestment Act (ARRA) of 2009 on the Tax Provisions in the American Recovery and Reinvestment Act of 2009 web page on IRS.gov. As the 2008 filing season closes, new information affecting 2009 tax returns will be posted with information about subsequent years following. Many of the ARRA provisions will largely impact 2009 tax returns filed next year, in 2010. So, monitor IRS.gov to get the latest information over the course of the next few weeks and months.

- The American Recovery and Reinvestment Act of 2009: Information Center, www.irs.gov/newsroom/article/0%2C%2Cid=204335%2C00.html?portlet=6

IRS Features Recovery Tax Credits on YouTube, iTunes

The IRS has launched a YouTube video site and an iTunes podcast site to better serve taxpayers and help them take full advantage of 2009 tax provisions in the American Recovery and Reinvestment Act.

People can visit the video site at www.youtube.com/irsvideos to view information about the Recovery, tax tips and how-to videos in English, Spanish, American Sign Language (ASL) and other languages.

The YouTube focus will be on the provisions of the American Recovery and Reinvestment Act. Videos will highlight the \$8,000 first-time homebuyer's credit for those who purchase a house this year, the sales or excise tax

continued on page 2

Filing Form 941 Rather Than Form 944 for 2010

If the IRS previously notified you to file Form 944 but you want to file Forms 941 to report your social security, Medicare, and withheld federal income taxes for the 2010 calendar year, you must first contact the IRS to request to file Forms 941, rather than Form 944.

To request to file Forms 941, you must either call the IRS by April 1, 2010, or send a written request postmarked on or before March 15, 2010, unless you are a new employer.

New employers who wish to use Forms 941 instead of Form 944 must call the IRS on or before the first day of the month that the first required Form 941 for the 2010 calendar year is due (e.g., April 1, 2010, July 1, 2010, October 1, 2010, or January 1, 2011).

New employers must have their written correspondence postmarked on or before the 15th day of the month before their first required Form 941 for the 2010 calendar year is due (e.g., March 15, 2010, June 15, 2010, September 15, 2010, or December 15, 2010).

Employers in the United States, including Puerto Rico and the U.S. Virgin Islands, can call 800-829-4933. Employers in Guam can call 671-472-7471. All other international callers can call 01-215-516-2000 or the nearest IRS office. Send written correspondence to:

Department of Treasury
Internal Revenue Service
Ogden, Utah 84201-0038
Or

Department of Treasury
Internal Revenue Service
Cincinnati, Ohio 45999-0038

The IRS will send you a written notice that your filing requirement has been changed, after receiving your request to become a Form 941 filer. If you do not receive this notice, then you must file Form 944 for calendar year 2010. **IRS**

Learn More Online

■ Employment Taxes, www.irs.gov/businesses/small/article/0%2C%2Cid=172179%2C00.html

Backup Withholding Responsibilities for Employers

Payers must remember that there may be backup withholding requirements if the payee fails to provide the payer with a Taxpayer Identification Number (TIN), or provides one that is obviously incorrect (e.g., wrong number of digits or includes an alpha character).

For example, in 2009 Macomb Corporation paid Wayne Coldwater \$10,000 for lawn services. However, Macomb did not obtain a TIN from Mr. Coldwater. As the payer in this situation, Macomb Corporation could be liable for backup withholding tax of \$2800, as well as interest and penalties.

Backup withholding is also required if the IRS notifies the payer that the TIN the payee provided is incorrect. Businesses can use Form W-9, *Request for Taxpayer Identification Number and Certification*, to request that payees furnish a TIN and to certify that the number furnished is correct.

Generally, the backup withholding rate is 28%, but that may change from one year to another, so payers should check Publication 15, (Circular E),

Employer's Tax Guide, for the correct backup withholding rates for the current year.

Backup withholding amounts withheld from non-employee compensation are reported in Box 4 of Form 1099-MISC. Payers must send a copy of the Form 1099-MISC to the non-employee by January 31st, with a copy to IRS by February 28th of the year following the year of payment. If the payer files electronically, the due date for the 1099-MISC is March 31st. **IRS**

Learn More Online

■ Backup Withholding pages of irs.gov at www.irs.gov/govt/fslg/article/0%2C%2Cid=110339%2C00.html

■ Frequently Asked Questions about Backup Withholding at www.irs.gov/efile/article/0%2C%2Cid=98145%2C00.html

■ Form W-9 at www.irs.gov/pub/irs-pdf/fw9.pdf#portlet=3

■ Publication 15, (Circular E), *Employer's Tax Guide* at www.irs.gov/pub/irs-pdf/p15.pdf

Texas Passes Child Support e-Payments Legislation

The State of Texas recently passed legislation requiring employers to remit their child support payments electronically to the Texas State Disbursement Unit (SDU). In doing so, Texas joins nine other states: California, Florida, Illinois, Indiana, Massachusetts, Nebraska, Oregon, Pennsylvania, and Virginia that already have legislation or regulations requiring employers to remit their child support payments electronically. The criteria for determining whether your company must submit electronic payments vary by State.

Effective September 1, 2009, employers in Texas with 250 or more employees must remit child support payments electronically within two business days after pay date. Texas offers the following web-based payment service, which is free to employers:

ExpertPay

1-800-403-0879

www.customer.service@expertpay.com

www.expertpay.com

Texas also offers free ACH software to employers for e-payments.

For more information, contact Steven Oberle of the Texas SDU at 210-334-6504 or steven.oberle@acs-inc.com. **HHS**

IRS on YouTube, iTunes

continued from page 1

deduction on new car purchases and the expanded credits for education and energy conservation. There will also be a video on using the IRS Withholding Calculator. Many workers received the Making Work Pay tax credit in April through their tax withholding at work, but those with more than one job or working spouses should especially use the calculator to ensure neither too much nor too little is being withheld.

People can visit the audio site at iTunes to listen to IRS podcasts about ARRA tax credits. People without an iTunes account can hear those same podcasts, in English and Spanish, on IRS.gov's Multimedia Center. **IRS**

Learn More Online

■ IRS Video Site at www.youtube.com/irsvideos

■ iTunes, www.apple.com/itunes/affiliates/download/?itmsUrl=itms%3A%2F%2Fax.itunes.apple.com%2FWebObjects%2FMZStore.woa%2Fwa%2FviewPodcast%3Fi%3D57368213%26id%3D294852616%26ign-mscache%3D1

■ IRS Multimedia Center at www.irs.gov/newsroom/article/0%2C%2Cid=167993%2C00.html

SSA NEWS

Social Security's International Programs, Products and Services

The United States has bilateral Social Security agreements with 24 countries. These agreements improve benefit protection for workers who have divided their careers between the United States and another country. The agreements also eliminate dual Social Security coverage and taxes. The following products and services may apply to employees when they work overseas:

Certificate of Coverage Online Service

To document a worker's exemption from foreign Social Security coverage and taxes, the employer or self-employed person must obtain a U.S. certificate of coverage. Social Security added an enhancement to our Certificate of Coverage Service for employers and performers who may submit their requests online. If a performer is going to work overseas for a very short stay and that agreement country requires an abbreviated short form certificate, the performer (or his/her representative) can use this online service to request the certificate.

Living Outside the United States Fact Sheet

A fact sheet entitled "Social Security Payment Requirements for Most North, Central and South American Citizens Living Outside the United States" is available. The fact sheet provides individuals with accurate, clear, and up-to-date information on Social Security payment requirements for beneficiaries who are citizens of most North, Central, and South American countries, that reside outside the United States. It is available in both English and Spanish.

Payments Abroad Screening Tool

This interactive tool educates the public on the affects their citizenship and residency could have on their Social Security Title II Retirement, Survivor or Disability payments if they are outside the United States for six consecutive calendar months or more. The tool includes over 250 countries or locations and does not interface with any personal records in any of the SSA systems.

Learn More Online

- International Programs, www.socialsecurity.gov/international
- Certificate of Coverage, https://www.ssa.gov/international/CoC_link.html
- Online Performer Certificate Request Form, https://secure.ssa.gov/apps6z/coc_db/performer_form.jsp

Correcting an Incorrectly Reported Tax Year or Employer Identification Number (EIN)

To correct an incorrect tax year or EIN on Form W-2, file one Form W-2c showing the incorrect tax year or EIN and reducing the previously-reported money amounts to zero. You will also need to file a second Form W-2c reporting the money amounts (showing zeros in the "Previously reported" columns) in the correct year or with the correct EIN. Consider our free W-2c Online software from our Business Services Online website, www.socialsecurity.gov/employer.

Submitters Beware—Double Check the Employer Identification Number (EIN)

When submitting Employer Reports (W-2s/W-3s), verify that you are submitting under the Employer's EIN. When Employer Reports process under the Submitter's EIN, a Report Correction will have to be prepared to place wages under the correct EIN. In some cases, companies are receiving penalty letters from IRS as if the wages were never sent, which causes problems. Please be careful and double check that the right EIN is in the correct space. See instructions in the *Specifications for Filing Forms W-2 and Forms W-2c Electronically* (EFW2 and EFW2C).

Learn More Online

- EFW2: www.socialsecurity.gov/employer/efw/09efw2.pdf
- EFW2C: www.socialsecurity.gov/employer/efw/09efw2c.pdf

Electronic Wage Reporting Update

In December 2009, Social Security will bring several changes to the Electronic Wage Reporting experience. For starters, a redesigned home page that promises a more user-friendly interface with access to W-2 and W-2C Online, and Resubmission Acknowledgement applications. Access to the updated redesigned Electronic Wage Reporting suite of services will still require a User ID and password. Also, the updated Electronic Wage Reporting Handbook will contain a new format and will offer easier to read content.

And, beginning on December 7, 2009, W-2c Online will accept prior year W-2c reports; e.g., tax years 2009, 2008, 2007 and 2006, respectively. However, after April 15, 2010, W-2c Online will no longer accept tax year 2006 W-2c reports. To submit your tax year 2006 (or older) W-2c reports, you will need to submit them using the Specification for Filing Forms W-2c Electronically (EFW2C) using the "File Upload" application, or the paper format.

Learn More Online

- Business Services Online: www.ssa.gov/bso/bsowelcome.htm
- EFW2C: www.socialsecurity.gov/employer/efw/09efw2c.pdf

Register Early for Business Services Online

If you plan to register to use the Business Services Online (BSO) application, be sure to register early. Peak registration season occurs in January of each year, causing delays in response times. We encourage you to register today in order to beat the rush.

Learn More Online

- BSO: www.socialsecurity.gov/bso/bsowelcome.htm
- BSO Registration Tutorial: www.socialsecurity.gov/employer/bsotut.htm

W-2 Replacements and Corrections: Best Practices



As you read this, you might not have even given your employees their Forms W-2 (*Wage and Tax Statement*; due to employees by January 31). Just the same, the American Payroll Association offers the following tips on handling requests for replacements or corrections.

Replacements

Make it easy on yourself. Devise a form for employees to complete to request a replacement or correction. This will decrease your time taking details from them. If an employee didn't get a W-2 because of a change in address, you may send a copy of the original W-2 to the new address (you don't need to correct the address on the W-2 itself).

If you are replacing a W-2 that the employee lost, destroyed, or never received due to an address change, you are allowed to charge a fee. The IRS has not set a dollar limit, but be consistent among your employees.

Prepare Corrections Online for Tax-Years 2006-2009!

If something was reported incorrectly on a W-2, you'll need to prepare a W-2c, *Corrected Wage and Tax Statement*, and give copies to the employee,

the Social Security Administration (SSA), and perhaps to state or local agencies.

You can prepare and file Forms W-2c (as well as Forms W-2) on the SSA's Business Services Online (BSO) website (www.ssa.gov/employer). It also allows you to print copies for your employees and any state/local agencies. *New this year:* you can prepare Forms W-2c for any of the four preceding tax years on BSO.

If you are changing only state or local information, you can't use BSO, but you may obtain paper forms by calling the IRS at 1-800-TAX-FORM.

How to Complete a W-2c

You must complete boxes a-d and h-i (tax year and basic employer/employee information). The numbered boxes (1-20) correspond to the box numbers on the W-2. For example, "Wages, tips, other compensation" goes in Box 1 on the W-2, and any corrections go in the two boxes for Box 1 on the W-2c, indicating the "Previously reported" amount and the "Correct information." Any boxes for which you have no correction should be left blank.

If you have over-withheld Social Security or Medicare tax from an employee, you must refund the excess to the employee and correct the wage and tax amounts on Form W-2c. You'll then file

Form 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund*, to get that money back, along with the employer-matching taxes, from IRS.

However, once federal and state income taxes have been deposited, you generally cannot correct those amounts via a W-2c. An employee who was over-withheld will get those taxes back after filing a personal income tax return.

For each W-2c, you need to consider whether you need to file Form 941-X and/or an amended Form 940, *Employer's Annual Federal Unemployment (FUTA) Tax Return*. **APA**

Learn More Online

- Correcting Employment Taxes at www.irs.gov/businesses/small/article/0%2C%2Cid=187188%2C00.html
- Form W-2c at www.irs.gov/pub/irs-pdf/fw2c.pdf
- SSA Business Services Online at www.ssa.gov/employer

The APA's strong partnership with the IRS and SSA allows it to include the most accurate and up-to-date information in its seminars, webinars, and publications, such as its book, The Payroll Source.® More information about the APA is available at www.americanpayroll.org.

IRS Reporting Requirements for Merging or Terminating Exempt Organizations

Tax-exempt organizations, like other parts of the economy, are going through tough financial times. Some organizations are merging activities or assets with other organizations, while others are forced to shut down permanently.

Organizations going out of existence or disposing of more than 25 percent of net assets must report to the IRS their change in status and show how the organization distributed its assets. In these situations, the IRS is concerned in the value of any remaining assets and the disposal of the assets.

How to Report

Most organizations will notify the IRS of the changes through their annual Form 990, Form 990-EZ or the e-Postcard (Form 990-N). Which form an organization uses depends on gross income or assets. Both Form 990 and 990-EZ have a termination check box at the

top of the first page of the Form, and specific questions about termination or asset transfer.

In cases of disposal of more than 25 percent of net assets, completion of a Schedule N, *Continuation of Liquidation, Termination or Dissolution*, is mandatory. This schedule requires detailed information about the disposition of assets and must be sent with the appropriate Form 990.

Private foundations will notify the IRS of termination through their annual Form 990-PF. In addition, private foundations must also consider the special rules that apply to termination of private foundation status.

When to File

If an organization is terminating or effectively going out of business by merging with another organization, its final Form 990, 990-EZ, or 990-PF is due four months and 15 days after the date of the

organization's termination. A final e-Postcard is due four months and 15 days after the close of the tax year. **IRS**

Learn More Online

- Termination of an Exempt Organization at www.irs.gov/charities/article/0%2C%2Cid=156422%2C00.html
- *Facts about Terminating or Merging Your Exempt Organization*, Publication 4779, www.irs.gov/pub/irs-pdf/p4779.pdf
- Tax information for Charities & Other Non-Profits at www.irs.gov/charities/index.html
- Subscribe to the Exempt Organization's *EO Update* at www.irs.gov/charities/content/0%2C%2Cid=154838%2C00.html, a regular email newsletter that highlights new information posted on the charities pages of the website.

An e-Filing Checklist to Prepare for Tax Season

Tax filing season is just a few weeks away. This year, employees who e-file their return will find the process to be much easier and quicker than paper filing. Many software companies now allow e-filing at no additional cost, and many states encourage e-filing as well.

Here's a handy checklist to help employees get ready to e-file this tax season:

1. Gather and organize supporting tax documents. For taxpayers who itemize deductions (Schedules A & B), these will likely include records of:

- Home mortgage interest payments
- Real estate tax payments
- Medical and dental expenses
- Contributions to charitable organizations
- Refunds from the previous year's state and local taxes
- Unreimbursed employee expenses
- Tax preparer fees from the previous year, if applicable

Place receipts in large envelopes or file folders with the amounts totaled and written on the front.

2. Secure the computer on which the return will be prepared:

- Use anti-virus and anti-spyware software. Remind employees to perform regular virus scans, download updates and install firewalls, especially before beginning their online tax preparation.

■ Avoid shareware or peer-to-peer (P2P) software, such as that used to share music files or videos across the Internet. If employees choose to run this software, they should make sure that their personal data is in an encrypted directory or one that the peer-to-peer community can't access.

■ Use software programs and vendors approved by the IRS. See the list maintained at IRS.gov.

3. Check out two options on IRS.gov to e-file for free:

■ Employees may qualify to use Free File. (Check the IRS website for the latest information.) This program—accessed only at IRS.gov or they may be charged a fee—is convenient, free, fast and accurate, and provides step-by-step help in filling out and submitting online forms. Free File covers the most commonly filed federal tax forms and schedules and is also available in Spanish.

■ Free File Fillable Forms allow anyone to prepare and file their federal tax return online for free. This option is best suited if employees can successfully prepare their own return without the assistance of a tax preparer. The most commonly used federal tax forms are available, although state forms and state e-file are not.

Both options are safe and secure. Plus, employees can e-file at any time and get an emailed confirmation within 24 hours stating that their return was

received by the IRS. Those who are due a refund can get it within 10 days using Direct Deposit. If they owe money, they can e-file the return first and make their payment separately before the April 15 deadline.

For employees who work with a tax professional:

■ Ask the preparer to e-file the return. Many offer this service, but taxpayers may need to ask. Even if they have to pay a fee, most find the benefits worthwhile. They should bring their previous year's adjusted gross income as a means of electronically signing their return.

■ Make an appointment as early as possible. Those who wait until April may find that their returns have to be extension filed.

■ Bring all organized documents. This will reduce the preparer's time, saving the employees money. Also, collect and bring tax-related forms received in the mail, such as the W-2, 1099-INT, etc.

This year, help employees get a head start on tax season. By using this checklist, they should be well prepared when they sit down to e-file their returns.

IRS

Learn More Online

- Free File at www.irs.gov/efile/article/0%2C%2Cid=118986%2C00.html?portlet=8
- IRS e-file at www.irs.gov/efile

Exempt Organizations Exemption Application User Fees to Increase in 2010

User fees will increase for all applications for exemption (Forms 1023, 1024, and 1028) postmarked after January 3, 2010:

- \$400 for organizations whose gross receipts are \$10,000 or less annually over a 4-year period
- \$850 for organizations whose gross receipts exceed \$10,000 annually over a 4-year period
- \$3,000 for group exemption letters.

A complete schedule of all user fees will be published in the annual procedure released in January 2010.

Cyber Assistant, a Web-based software program designed to help 501(c)(3) applicants prepare a complete and accurate Form 1023 application, will become available during 2010. Once the IRS announces the availability of Cyber Assistant, the user fees will change again:

- \$200 for organizations using Cyber Assistant (regardless of size) to prepare their Form 1023
- \$850 for all other organizations not using Cyber Assistant (regardless of size) to prepare their Form 1023.

IRS will announce when Cyber Assistant is available and the effective date of the user fee change. Subscribe to the *EO Update* to automatically receive an alert that Cyber Assistant is available. IRS

Learn More Online

- User Fee Program for Tax Exempt and Government Entities Division—2009 at www.irs.gov/charities/article/0%2C%2Cid=121515%2C00.html
- EO Update at www.irs.gov/charities/article/0%2C%2Cid=154837%2C00.html

News and Announcements

Updated information for S Corporations

The IRS.gov S Corporation page includes updated information on:

- S Corporations at www.irs.gov/businesses/small/article/0%2C%2Cid=98263%2C00.html
- Compensation and medical insurance issues at www.irs.gov/businesses/small/article/0%2C%2Cid=203100%2C00.html
- Employees, shareholders and corporate officers at www.irs.gov/businesses/small/article/0%2C%2Cid=203099%2C00.html
- S Corporation stock and debt basis at www.irs.gov/businesses/small/article/0%2C%2Cid=203101%2C00.html

Information on E-Business and E-Commerce

- A new tax center at www.irs.gov/businesses/small/industries/article/0%2C%2Cid=208385%2C00.html on IRS.gov provides a centralized source for E-Business and E-Commerce related issues.
- The Bartering Tax Center, www.irs.gov/businesses/small/article/0%2C%2Cid=187920%2C00.html on IRS.gov has also been updated.

SBA online course part of federal government-wide initiative to promote ARRA opportunities

The Small Business Administration's new free online training course, "Recovery Act Opportunities: How to Win Federal Contracts" on its Web site, www.sba.gov/fedcontractingtraining, helps small businesses access federal contracting opportunities.

Retirement News for Employers

On September 5, 2009, as part of the Obama Administration's Retirement & Savings Initiatives, the IRS and Treasury issued four notices and three revenue rulings to make it easier for American families to save for retirement. The Department of the Treasury will:

- Expand opportunities for automatic enrollment in 401(k) and other retirement savings plans,
- Make it easier for more than 100 million families to save a portion or all of their tax refunds,
- Enable workers to convert their unused vacation or other similar leave into additional retirement savings, and
- Help workers and their employers better understand the available options for tax-favored retirement saving through clear, easy-to-understand language to promote retirement plan savings.

Learn More Online

- U.S. Treasury at www.treasury.gov/press/releases/tg276.htm

The IRS Launches Retirement Plans Navigator

The IRS has launched a new site to help small businesses find retirement plan information that's right for your business and to encourage small-business owners to establish retirement plans for their employees. The site also has information and resources on maintaining plans and correcting plan errors.

- Retirement Navigator at www.retirementplans.irs.gov

Reporter

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Comments may be sent to John Berger, Editor

Mail (NOT for change of address):

Internal Revenue Service
Small Business/Self-Employed Communications
Room 940, Fallon Building
31 Hopkins Plaza
Baltimore, MD 21201

e-mail (NOT for change of address):

SSA.IRS.REPORTER@irs.gov

Fax 410-962-2572

Change of Address? Out of Business?

Notify the IRS. Submit Change of Address Form 8822 available at <http://www.irs.gov/pub/irs-pdf/f8822.pdf> to the IRS center to which you sent your business returns. Please include your Employer Identification Number (EIN).

Cincinnati IRS Center Cincinnati, OH 45999

Ogden IRS Center MS:6273, Ogden, UT 84207
Attn: BMF Entity Control Unit

Outside US:

Philadelphia IRS Center, Philadelphia, PA 19255

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IRS and SSA "Help" Phone Numbers, Web Addresses, and Additional Resources Now on IRS.gov

IRS and SSA "Help" telephone numbers, Web addresses, and additional resources are now posted on IRS.gov at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html>.

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