

## Social Security Administration

## Internal Revenue Service

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# Reporter

Spring 2010

A Newsletter for Employers

## IRS Begins Employment Tax Research Study


**B**y the end of March, the Internal Revenue Service began the Employment Tax National Research Program, the first comprehensive employment tax compliance study in 25 years. Business practices regarding employment tax issues have changed significantly since the 1980s, necessitating this study. Examinations are being conducted to help the IRS understand the compliance characteristics of employment tax filers (see Page 2 article: Tips on Dealing with an IRS Audit).

The results will allow the IRS to gauge more accurately the extent to which businesses properly comply with employment tax law and related reporting requirements. This information will help the IRS select for exam employment tax returns with the greatest compliance risk.

There are two main goals for the ET NRP:

- To secure statistically valid information for computing the Employment Tax Gap;
- To determine compliance characteristics so IRS can focus on the employment tax areas with the most compliance problems.

The IRS will randomly select 2,000 taxpayers each year for the next three years. The examinations will be comprehensive in scope. Taxpayers will receive notices describing the NRP process, similar to those used in recent NRP studies for individuals and Form 1120S corporations.

Records pertaining to employment tax returns and issues will be subject to review during these examinations. Employers should have all of their records available to expedite these examinations. 

### Learn More Online

- Employment Tax and Classifying Workers at [www.irs.gov/newsroom/article/0%2C%2Cid=177092%2C00.html](http://www.irs.gov/newsroom/article/0%2C%2Cid=177092%2C00.html)
- Independent Contractor (Self-Employed) or Employee? at [www.irs.gov/businesses/small/article/0%2C%2Cid=99921%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=99921%2C00.html)
- The Tax Gap on IRS.gov at [www.irs.gov/newsroom/article/0%2C%2Cid=158619%2C00.html](http://www.irs.gov/newsroom/article/0%2C%2Cid=158619%2C00.html)

## Social Security Offers Consent-Based Social Security Number Verification Service

**S**ocial Security welcomes new customers to enroll in its Consent-Based Social Security Number Verification service (CBSV). CBSV went live in 2008 and more than 100 companies have enrolled to use this service.

CBSV permits private businesses, government agencies or tax preparers to verify whether a name and Social Security Number (SSN) combination match the data in its Master File of SSNs. It provides instant, automated SSN verification and it easily handles large volume requests.

Using CBSV, participating companies can verify the SSNs of their customers and clients. Companies using CBSV include firms providing background and pre-employment checks, tax preparation and financial services. Users have a choice of three possible modes of access to CBSV: web service, internet online or batch.

CBSV requires participating companies to pay a fee and obtain the written consent of the SSN holder. This consent authorizes Social Security to disclose the SSN verification to

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## Tips on Dealing with an IRS Audit



The Internal Revenue Service is conducting 6,000 comprehensive, random employment tax audits as the centerpiece of its National

Employment Tax Research Program, which will help it focus its resources on the industries and practices that contribute most to this portion of the tax gap.

The American Payroll Association offers these tips if your company is selected for an employment tax audit under the NRP or under the IRS's general audit program, or if your company is selected for a comprehensive tax audit.

### First Steps

Your organization may be informed by letter or by phone that it has been selected for an audit. The letter, often referred to as the "confirmation letter," may contain a request for the information the IRS wants to peruse, or this request may come at a later date. In either case, the next step for the IRS is to have the agents who will be conducting the fieldwork meet with your organization.

Before this meeting takes place, establish an internal team that will coordinate your organization's participation during the examination. This may include representation from payroll, accounts payable, accounting, human resources, internal auditing, general counsel, and outside tax professionals.

A properly functioning internal team should appoint an audit controller to manage the examination and supervise the input from any of your employees. This individual should assemble and regulate the flow of information between the IRS and your organization. The audit controller should review all information before it is turned over to the IRS and be present during tours and interviews of your employees.

The objective is not to restrict or hide information. Rather, the objective is to make sure the information released to the IRS is organized, complete, and focused.

Requests for information by IRS should be made through your audit controller in writing by use of Form 4564, the *Information Document Request*. You are required to provide the IRS with all the information it is legally allowed to request. However, you should also note that your organization needs to provide no more than the information specifically requested by the IRS.

### Appeals

It is perfectly acceptable to have unresolved audit issues with the auditors. If at any time your organization does not feel an agent is conducting himself/herself professionally, the audit should be stopped, and you should ask to discuss the matter with the auditor's supervisor to resolve differences.

Audit issues that cannot be resolved during the examination and which are not part of a closing agreement may be appealed to an IRS Appeals Office. Open audit issues that cannot be resolved with this Office may be litigated through a formal trial. Because of the time and expense involved with litigation of un-reconciled tax disputes, this option should be chosen only as a last resort. **APA**

*Editor's Note: The American Payroll Association is 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](http://www.americanpayroll.org).*

### Learn More Online

- Publication 583, *Starting a Business and Keeping Records*, at [www.irs.gov/pub/irs-pdf/p583.pdf](http://www.irs.gov/pub/irs-pdf/p583.pdf)
- What Occurs During an Examination at [www.irs.gov/govt/fslg/article/0%2C%2Cid=159772%2C00.html](http://www.irs.gov/govt/fslg/article/0%2C%2Cid=159772%2C00.html)
- Publication 5 (PDF), *Your Appeal Rights and How To Prepare A Protest If You Don't Agree* at [www.irs.gov/pub/irs-pdf/p5.pdf](http://www.irs.gov/pub/irs-pdf/p5.pdf)
- Publication 556, *Examination of Returns, Appeal Rights and Claims for Refund* at [www.irs.gov/publications/p556/index.html](http://www.irs.gov/publications/p556/index.html)

## SSN Verification Service

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the requesting party. CBSV results may only be used for the reason the number holder specifies on the consent form. An Employer Identification Number (EIN) is required to enroll and become a CBSV user.

### How to Enroll

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 per SSN verification request. The transaction fee is presently \$0.56 and must be paid in advance. Periodically, Social Security will recalculate the costs it incurs in providing the CBSV service and, as needed, will adjust 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.

It is important to note that CBSV is different from Social Security's other SSN verification service, Social Security Number Verification Service (SSNVS).

SSNVS is solely for employers verifying the information of their employees or former employees before preparing and submitting Forms W-2; and it 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 needed.

CBSV, on the other hand, is available to any interested party with an EIN. It is important to note that CBSV is available to tax preparers and also may be used for pre-employment checks. CBSV will verify a name and SSN combination as matching or not matching SSA records for any party registered to use the service, but fees are charged and the number holder's written consent is required. **SSA**

### Learn More Online

- CBSV Enrollment and Detailed Information at [www.socialsecurity.gov/cbsv](http://www.socialsecurity.gov/cbsv)

## SSA NEWS

## A New Look for Social Security's Electronic Wage Reporting (EWR) Handbook

The EWR Handbook is now separate from the Business Services Online (BSO) Handbook. The newest version of the EWR Handbook is called the *Electronic W-2 Filing User Handbook* with a new tabbed format.

The *EWR Handbook* is organized using the following tabs that will make it easier and more intuitive to find answers about wage reporting:

- **Overview:** An introduction to BSO, changes for Tax Year 2009, system requirements, security, BSO availability and important dates and times.
- **Getting Access:** How to register, services offered and account maintenance information, including a link to the registration handbook.
- **Using the Services:** A detailed explanation of all of the EWR Wage Reporting applications.
- **Help for W-2 Filing:** The EWR and IRS contact information.
- **General SSA Contact Information:** Contact information for other Social Security programs.

In addition, there is a separate handbook for registration called the *Business Services Online Integrated Registration Services (IRES) User Registration Handbook for Tax Year 2009*.

### Resources Online

- *EWR Handbook* (pdf) at [www.ssa.gov/employer/bsowwug.pdf](http://www.ssa.gov/employer/bsowwug.pdf)
- *BSO User Handbook* at [www.ssa.gov/employer/bsohbnew.htm](http://www.ssa.gov/employer/bsohbnew.htm)
- *Business Services Online Integrated Registration Services (IRES) User Registration Handbook* at [www.ssa.gov/employer/bsoregug.pdf](http://www.ssa.gov/employer/bsoregug.pdf)

## W-2C Online

Don't forget that you can use Business Services Online to create, print and submit corrected Forms W-2C directly over the Internet. W-2C Online is as easy to use as the other options in the BSO suite. Plus, it is free!

### Learn More Online

- Business Services Online at [www.socialsecurity.gov/employer/](http://www.socialsecurity.gov/employer/) choose How to File

## The Social Security Statement

Each year, Social Security automatically sends a Social Security Statement to workers age 25 or older who are not already receiving benefits.

Workers can expect to receive their Statement about three months before their birthday.

The statement provides a year-by-year display of earnings that have been reported to the individual's Social Security record. It also includes a summary of the estimated benefits a worker and his or her family might receive if the worker retires, becomes disabled, or dies. The statement can play an important role in helping workers plan for their financial future.

### Learn More Online

Information About Your Statement at [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement)

## Changes to the Current Telephone Social Security Number Verification Process

Social Security will no longer verify up to five employee SSNs for employers, for wage reporting purposes, over the telephone. Effective December 2009, you must now use the Telephone Number Employer Verification System (TNEV) or Social Security Number Verification Service (SSNVS) to verify SSNs. Employees who verify SSNs for their employers must be registered SSNVS users in order to access TNEV and/or SSNVS. If you are not a registered SSNVS user, don't delay—REGISTER TODAY for SSNVS.

### Learn More Online

- Telephone Number Employer Verification at [www.ssa.gov/employer/documents/TNEV.pdf](http://www.ssa.gov/employer/documents/TNEV.pdf)
- Social Security Number Verification Service at [www.ssa.gov/employer/ssnv.htm](http://www.ssa.gov/employer/ssnv.htm)
- Call 1-800-772-6270 (TDD/TTY 1-800-325-0778) or send an email to [employerinfo@ssa.gov](mailto:employerinfo@ssa.gov)

## New Schedule R Clarifies Form 941 for Aggregate Filers

**B**eginning with the Form 941 due for the first quarter of 2010, the IRS will require taxpayers who file an aggregate Form 941, *Employer's Quarterly Federal Tax Return*, as an agent authorized under section 3504 of the Code to attach the new Schedule R (Form 941), *Allocation Schedule for Aggregate Form 941 Filers* with the Form 941. The first quarter 2010 Form 941 is due 04/30/2010. The Schedule R, Form 941, requires new information from section 3504 agents.

Schedule R provides a line to allocate all the Form 941 entries to each client included on the aggregate

return. This allows the IRS to identify every client included on the aggregate return and to determine how the wage and tax amounts reported on the aggregate Form 941 break down on a client-by-client basis. If an aggregate filer has more than 15 clients, they must use the continuation sheet(s). Most aggregate filers will be able to file via e-file or paper. However, if the aggregate filer is filing for 10,000 or more clients, they must file a paper return.

Internal Revenue Code section 3504 provides that employers may designate an agent to act on their

behalf. Both the agent and the common law employer are liable for the taxes due. The agent files a single aggregate Form 941 using its own Employer Identification Number (EIN) on behalf of all clients.

Form 941 and the Schedule R (Form 941), along with their instructions are available on the Forms and Publications page of IRS.gov. 

### Learn More Online


- Form 941 at [www.irs.gov/pub/irs-pdf/f941.pdf](http://www.irs.gov/pub/irs-pdf/f941.pdf)
- Form 941 Instructions at [www.irs.gov/pub/irs-pdf/i941\\_09.pdf](http://www.irs.gov/pub/irs-pdf/i941_09.pdf)

## IRS Improves Virtual Small Business Tax Workshop

The objective of the workshop is to provide training for small business owners on navigating federal taxes. Small business owners who want to learn about their tax rights and responsibilities will find it most useful. Revised from the 2005 version, the enhanced virtual workshop has updated content, a new reference section, interactive features and a completely new look and feel.

The workshop is an interactive product that enables the user to customize its nine lessons to meet their needs. It is also available on CD (not DVD) and will play on most personal computers with CD or DVD drives. Its advantages include:

- The convenience of 24/7 availability, and learning at the user's own pace.
- The materials are free; no enrollment is required.
- The ability to customize the lessons to meet your needs; users can select and view the stand-alone lessons in any sequence.
- Each lesson has a bookmark feature, making it possible to leave and return to a specific point within the lesson. Internet cookies are required for bookmarking; if the user does not want cookies activated, the bookmarking feature can be turned off.
- The new virtual workshop provides a list of useful online references that enhance the learning experience by allowing an Internet-connected user to view references and the video lessons simultaneously.
- The workshop is a dynamic product that allows IRS to update it as tax law changes take effect.
- Small business partners and industry stakeholders can now enroll in the Small Business Ordering System through their local stakeholder liaison to order unlimited free quantities of the Virtual Small Business Tax Workshop CD.

This VSBTW is the first in a series of interactive video products designed exclusively for small business taxpayers. A new companion series for all taxpayers, "Your Guide to an IRS Audit," is in development, with plans for a 2010 launch on IRS.gov on a new web page called the Audit Tax Center. 

### Additional Resources

- Virtual Small Business Tax Workshop at [www.tax.gov/virtualworkshop](http://www.tax.gov/virtualworkshop)
- Small Business Video and Audio Presentations at [www.irs.gov/businesses/small/article/0%2C%2Cid=97726%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=97726%2C00.html)
- Stakeholder Liaison local contacts at [www.irs.gov/businesses/small/article/0%2C%2Cid=153991%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=153991%2C00.html)

## New Video for Employers about ADA Rules for Employing People with Disabilities

The Americans with Disabilities Act (ADA) prohibits discrimination against individuals with disabilities in employment, state and local government services, and services that businesses provide to the public. It is modeled after the Civil Rights Act of 1964 that prohibits discrimination against women and racial minorities. The ADA covers more than seven million businesses, 80,000 units of state and local government, and more than 50 million people with disabilities.

*Ten Employment Myths: Information about the Americans with Disabilities Act* is a new video aimed at educating employers about the ADA rules for employing people with disabilities. The video uses a question-and-answer format to express common misconceptions, fears, and false assumptions that many employers have about employees with disabilities. It refutes these unfounded myths, explains the ADA in common sense terms, and highlights the advantages of hiring individuals with disabilities. It helps employers realize how unfair it is when highly qualified individuals are denied jobs because of employers' misconceptions and unfounded assumptions about their disabilities.

This seventeen-minute video can be used for staff training as well as for presentation to local

business groups, merchants associations, and similar organizations. It is a companion to *Ten Small Business Mistakes: Information about the Americans with Disabilities Act*, which dispels common misunderstandings that many businesses have about the ADA rules for serving customers with disabilities. Both videos include information about tax credits and deductions that businesses can use to help offset the costs of ADA compliance.

These videos are available free from the U.S. Department of Justice. Single copies in DVD format can be ordered through the toll-free ADA Information Line at 800-514-0301 (voice) or 800-514-0383 (TTY). Online streaming versions are available on the ADA Website at [www.ada.gov](http://www.ada.gov).



### Learn More Online


- Ten Employment Myths at [www.ada.gov/videogallery.htm](http://www.ada.gov/videogallery.htm)
- Reaching Out to Customers With Disabilities at [www.ada.gov/reachingout/intro1.htm](http://www.ada.gov/reachingout/intro1.htm)
- Ten Small Business Mistakes at [www.ada.gov/videogallery.htm#anchor10mistakes990](http://www.ada.gov/videogallery.htm#anchor10mistakes990)
- ADA Web site at [www.ada.gov](http://www.ada.gov)

## IRS Issues Rules on Withholding Amounts on Wages Paid to Nonresident Alien Employees

Notice 2009-91 provides guidance to employers paying wages to nonresident alien employees for services performed within the United States. The notice indicates that effective for wages paid on or after January 1, 2010, new rules will be used in determining the amount of income tax to be withheld from the wages of nonresident alien employees performing services within the United States. These new rules will be set forth in the new revision of Publication 15 (Circular E), *Employer's Tax Guide*, and other IRS publications.

These rules need to be modified to reflect changes made in the withholding tables as a result of the enactment of section 36A of the Code (the "Making Work Pay Tax Credit") in the American Recovery and Reinvestment Act of

2009 (Public Law No. 111-5) (ARRA). Nonresident alien individuals are not eligible for the Making Work Pay Tax Credit under section 36A. The modified rules provide for withholding on the wages of nonresident alien employees that more closely approximates their income tax liability.

There are new procedures to determine the amount of income tax to withhold from nonresident alien employees for wages paid in 2010. Section 9 of the 2010 Publication 15, (Circular E), *Employer's Tax Guide* has the details. 

### Learn More Online

- Notice 2009-91 at [www.irs.gov/pub/irs-drop/n-09-91.pdf](http://www.irs.gov/pub/irs-drop/n-09-91.pdf)
- Publication 15 at [www.irs.gov/publications/p15/index.html](http://www.irs.gov/publications/p15/index.html)

## IRS Reminds Tax-Exempt Organizations to File Their Annual Information Return

The IRS reminds tax-exempt organizations to file their annual information returns with the IRS. Beginning in 2010, most organizations that are required to file a return but haven't for three consecutive years will *automatically* lose their tax-exempt status. According to the Pension Protection Act of 2006, revocation is automatic for organizations required to file an annual information return but don't file for the three-year period.

A tax-exempt organization that loses its exemption must file a Form 1120, *U.S. Corporation Income Tax Return* or a Form 1041, *U.S. Income Tax Return for Estates and Trusts*, and pay income taxes.

The size and type of tax-exempt organization determines which annual information return the organization must file:

- Small organizations, with gross receipts of \$25,000 or less, can file Form 990-N, called an e-Postcard, because it must be filed electronically on [www.irs.gov](http://www.irs.gov). It's easy to complete and only takes a few minutes.
- Larger organizations use Form 990, *Return of Exempt Organizations Exempt from Income Tax*, or the shorter 990-EZ, depending on the amount of their receipts and assets.
- Private foundations file Form 990-PF, *Return of Private Foundation*.

Some organizations, such as churches, are not required to file annual information returns. Further explanation of these requirements and the filing thresholds is available on IRS's Tax Exempt/Government Entities Web site.

Returns are due by the fifteenth day of the fifth month after the end of an organization's tax year. So if, for example, the tax year ends on December 31, 2009, the 990 series return is due on May 15, 2010.

The names of organizations whose tax-exemption has been revoked will be available to the public and state charity and tax officials on [irs.gov](http://irs.gov).

In order for an organization to regain its tax-exemption, it must reapply by filing Form 1023 (for 501(c)(3) organizations) or Form 1024 (for organizations exempt under other Code sections) and pay the appropriate application fee. If the IRS approves the application, tax-exempt status will be effective as of the date of the application, unless the organization demonstrates reasonable cause for failure to file. In that case exemption will be effective as of the date of the revocation. Be aware, any income from the date of the revocation to the new effective date may be taxable.

To avoid revocation and the expensive and time-consuming reinstatement process, the IRS

encourages tax-exempt organizations to file past due Forms 990. Although the 3-year rule applies only to the 990-series returns, this is a good time to make sure that other IRS-related filings are up-to-date, including the organization's Form 941, *Employer's Quarterly Federal Tax Return*, and Form 990-T, *Exempt Organization Business Income Tax Return*. If needed, an organization may wish to enter into a closing agreement to resolve tax liability issues. Information about initiating a closing agreement is on [irs.gov](http://irs.gov).

The best thing to do is to not let your tax-exempt status expire. See [www.irs.gov/efo](http://www.irs.gov/efo) for complete information about filing requirements. **IRS**

### Learn More Online

- Tax Information for Charities & Other Non-Profits at [www.irs.gov/charities/article/0%2C%2Cid=202556%2C00.html](http://www.irs.gov/charities/article/0%2C%2Cid=202556%2C00.html)
- 2008 Forms 990 and 990-EZ available at [www.irs.gov/charities/article/0%2C%2Cid=201398%2C00.html](http://www.irs.gov/charities/article/0%2C%2Cid=201398%2C00.html)
- Return Due Dates for Exempt Organizations at [www.irs.gov/charities/article/0%2C%2Cid=210781%2C00.html](http://www.irs.gov/charities/article/0%2C%2Cid=210781%2C00.html)
- Closing Agreements at [www.irs.gov/charities/article/0%2C%2Cid=202556%2C00.html](http://www.irs.gov/charities/article/0%2C%2Cid=202556%2C00.html)

## Pilot Program Tests Truncating Social Security Numbers on Paper Payee Statements

Notice 2009-93 creates a pilot program allowing filers of information returns to truncate an individual payee's nine-digit identifying number on paper payee statements for calendar years 2009 and 2010 if the filers meet the requirements set forth in this notice.

This notice only applies to paper payee statements in the Form 1098 series, Form 1099 series, and Form 5498 series. Filers who meet the requirements in this notice will be treated as having satisfied any requirement in Treasury and IRS guidance, whether in a regulation, form, or form instructions, to include a payee's identifying number on a payee statement.

The IRS invites the public to submit comments on this notice by May 1, 2010. Comments are specifically sought on the following:

- Whether truncation of an individual's identifying

number on paper payee statements should be required, rather than permitted;

- Whether truncation should be permitted or required for identifying numbers appearing on paper payee statements not within the scope of this notice;
- Whether truncation should be permitted or required for payee statements furnished electronically;
- Whether a filer should be required to include the complete identifying number on the payee statement if requested by the payee; and
- Whether truncation creates difficulties for filers and/or payees. Comments on any other matters relating to the procedures set forth in this notice are also encouraged.

Comments should be submitted to: Internal Revenue Service, CC:PA:LPD:PR (Notice 2009-93), Room 5203, P.O. Box 7604, Ben Franklin Station,

N.W., Washington, D.C. 20044. Alternatively, comments may be hand delivered between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, to CC:PA:LPD:PR (Notice 2009-93), Courier's Desk, Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C.

Comments may also be transmitted electronically via the following email address: [Notice.Comments@irs.counsel.treas.gov](mailto:Notice.Comments@irs.counsel.treas.gov). Please include "Notice 2009-93" in the subject line of any electronic communications. All comments will be available for public inspection and copying. Comments on any other matters relating to the procedures set forth in this notice are also encouraged. **IRS**

### Learn More Online

- Notice 2009-93 at [www.irs.gov/pub/irs-drop/n-09-93.pdf](http://www.irs.gov/pub/irs-drop/n-09-93.pdf)

## News and Announcements

### When Businesses Should File Form 8300 for Cash Transactions

Generally, any person in a trade or business who receives more than \$10,000 in cash in a single transaction or in related transactions must file Form 8300.

- IRS Provides Clarification on Form 8300 Issues at [www.irs.gov/businesses/small/article/0%2C%2Cid=203187%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=203187%2C00.html)

### Taxes: What You Need to Know

The Taxpayer Advocate Service, an independent organization within the IRS that helps individuals and businesses resolve problems with the IRS, has revamped its toolkit, *Taxes: What You Need to Know* at [www.taxtoolkit.irs.gov](http://www.taxtoolkit.irs.gov).

### Publication for Recently Unemployed Taxpayers

New Publication 4128, *Tax Impact of Job Loss*, explains tax issues connected to severance pay, unemployment compensation, pension plans, job search expenses and moving costs. It also discusses self-employment issues for the newly unemployed.

- Publication 4128 at [www.irs.gov/pub/irs-pdf/p4128.pdf](http://www.irs.gov/pub/irs-pdf/p4128.pdf)

### IRS Extends Food Industry Tip Reporting Program

The Internal Revenue Service has extended its Food Industry Tip Reporting program for an additional two years. This program simplifies the recordkeeping burden for reporting tip income in the food and beverage industry.

The program, originally set to expire Dec. 31, 2009, has been extended to Dec. 31, 2011, under Revenue Procedure 2009-53.

- IRS Extends Food Industry Tip Reporting Program at [www.irs.gov/newsroom/article/0%2C%2Cid=215980%2C00.html](http://www.irs.gov/newsroom/article/0%2C%2Cid=215980%2C00.html)
- Revenue Procedure 2009-53 at [www.irs.gov/pub/irs-drop/rp-09-53.pdf](http://www.irs.gov/pub/irs-drop/rp-09-53.pdf)

## IRS Commissioner to Speak at APA's Annual Congress in May

**D**ouglas Shulman, the Commissioner of the Internal Revenue Service, will speak at the 28th annual Congress of the American Payroll and American Accounts Payable Associations. The Congress will be at the Gaylord National Resort and Convention Center just minutes from Washington, D.C., in National Harbor, MD, May 25-29, 2010.

APA has asked Commissioner Shulman to speak on the following topics:

- Random employment tax audits under IRS's National Research Program
- Substantiation and taxation of employer-provided cell phones
- Option to print just the last four digits of an individual payee's taxpayer identification number on paper Forms 1098, 1099, and 5498 provided to payees
- Results of audits of backup-withholding from payments to independent contractors
- Effect of the Making Work Pay credit on the 2010 tax-filing season

### IRS Issues Proposed Regulations on Reporting Requirement for Payment Card and Third-Party Payment Transactions

The Internal Revenue Service issued proposed regulations under a new statute requiring that, starting with transactions in calendar year 2011, the gross amount of payment card and third-party network transactions be reported annually to participating merchants and the IRS.

The provision is designed to improve voluntary tax compliance by business taxpayers and help the IRS determine whether their tax returns are correct and complete. The IRS also released for comment a draft version of new Form 1099-K, *Merchant Card and Third-Party Payments*, which will be used to make these reports.

### Additional Resources

- IR-2009-106, IRS Issues Proposed Regulations on Reporting Requirement for Payment Card and Third-Party Payment Transactions at [www.irs.gov/irs/article/0%2C%2Cid=215740%2C00.html](http://www.irs.gov/irs/article/0%2C%2Cid=215740%2C00.html)
- Proposed Regulations at [www.irs.gov/pub/irs-news/reg-139255-08.pdf](http://www.irs.gov/pub/irs-news/reg-139255-08.pdf)
- Draft Form 1099-K, Merchant Card and Third Party Payments at [www.irs.gov/pub/irs-dft/f1099k--dft.pdf](http://www.irs.gov/pub/irs-dft/f1099k--dft.pdf)

### Using nominees to get an EIN

The IRS does not authorize using nominees to obtain Employer Identification Numbers. If you used a nominee when applying for an EIN, visit the Updating Incorrect Business Entity page to learn how to correct the information.

- Use of Nominees in the EIN Application Process at [www.irs.gov/businesses/small/article/0%2C%2Cid=214886%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=214886%2C00.html)
- Updating Incorrect Business Entity Information at [www.irs.gov/businesses/small/article/0%2C%2Cid=214471%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=214471%2C00.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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### 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>.

### Premier Payroll Educational Event

The APA/AAPA Congress offers over 170 educational workshops, including the latest compliance developments from the IRS, SSA, Office of Child Support Enforcement, Department of Labor, and Department of Homeland Security; the world's largest payroll, accounts payable, and finance Expo, with over 100 exhibitors; and countless networking and motivational opportunities among 2,500 attendees. It is open to all involved in payroll, accounts payable, human resources, benefits, and associated technology. **APA**

More information about the Congress is available at [www.americanpayroll.org/congress](http://www.americanpayroll.org/congress).



**Social Security  
Administration**

**Internal  
Revenue Service**

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# Reporter

Summer 2010

A Newsletter for Employers

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

The Patient Protection and Affordable Care Act passed by Congress and signed by President Obama on March 23, 2010, gives a tax credit to certain small employers and tax exempt organizations that provide health care coverage to their employees, for tax years beginning in 2010.

The credit is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have. In general, the credit is available to small employers that pay at least half the cost of single coverage for their employees.

The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ low and moderate income workers. Eligible small businesses can

claim the credit as part of the general business credit starting with the 2010 income tax return they file in 2011.

### Eligibility Rules

- **Providing health care coverage.** A qualifying employer must cover at least 50 percent of the cost of health care coverage for some of its workers based on the single rate.
- **Firm size.** A qualifying employer must have less than the equivalent of 25 full-time workers (for example, an employer with fewer than 50 half-time workers may be eligible).
- **Average annual wage.** A qualifying employer's wages must be less than \$50,000 per employee per year.
- **Both taxable (for profit) and tax-exempt firms qualify.**


*continued on page 2*

## I've Heard I Can Correct Forms W-2 Online—Is That True?

**A**bsolutely! With W-2C Online you can complete up to five Forms W-2C on the computer, submit them, and print copies for your employees and for your records. It's all free! If you have more than five to correct, then start a new set of W-2Cs. At Social Security's employer website you'll find all the information you need.

If you already have W-2C software, you can test your files using Social Security's free AccuW2C software before you send them to us. Then upload your W-2C file (EFW2C format) to Social Security for free. File your W-2Cs as soon as possible after discovering an error and provide a copy to your employee.

### Learn More Online

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

## Benefits of Qualified Joint Ventures for Family Businesses

**A**n unincorporated business jointly owned by a married couple is generally classified as a partnership for Federal tax purposes. Previously, married individuals in a business together were considered partners and required to file an annual Form 1065 as well as a Form 1040 return.

For tax years beginning after December 31, 2006, the Small Business and Work Opportunity Tax Act of 2007 (Public Law 110-28) provides that a “qualified joint venture,” whose only members are a husband and a wife filing a joint return, can elect not to be treated as a partnership for Federal tax purposes.

A qualified joint venture conducts a trade or business where:

- the only members of the joint venture are a husband and wife who file a joint return;
- both spouses materially participate in the trade or business, as mere joint ownership of property is not enough;
- both spouses elect not to be treated as a partnership; and
- the business is co-owned by both spouses and is not held in the name of a state law entity such as a partnership or LLC.

The QJV option simplifies the filing requirements by allowing husband-and-wife businesses to be treated as sole proprietorships and file a Form 1040 tax return rather than partnerships for tax purposes. It eliminates filing a Form 1065 tax return for qualified joint ventures. The option also helps to ensure each spouse gets proper Social Security credit.

Spouses electing qualified joint venture status are treated as sole proprietors for Federal tax purposes. Using the rules for sole proprietors, an EIN is not required for a sole proprietorship unless the sole

proprietorship is required to file excise, employment, alcohol, tobacco, or firearms returns. If the spouses previously had an EIN for their partnership, that EIN can only be used if the spouses do not elect qualified joint venture status.

### Making the Election to be Treated as a Qualified Joint Venture

Spouses make the election on a jointly filed Form 1040 by dividing all items of income, gain, loss, deduction, and credit between them in accordance with each spouse's respective interest in the joint venture, and each spouse filing with the Form 1040 a separate Schedule C (Form 1040), *Profit or Loss From Business (Sole Proprietorship)* or Schedule F (Form 1040), *Profit or Loss From Farming*, and, if otherwise required, a separate Schedule SE (Form 1040), *Self-Employment Tax*.

To make the qualified joint venture election for 2009, jointly file the 2009 Form 1040, with the required schedules. This generally does not increase the total tax on the return, but it does give each spouse credit for social security earnings on which retirement benefits are based, provided neither spouse exceeds the social security tax limitation.

### Earning Social Security Benefits

For purposes of determining net earnings from self-employment, each spouse's share of income or loss from a qualified joint venture is taken into account just as it is for Federal income tax purposes under the provision, in accordance with their respective interests in the venture.

A spouse is considered an employee if there is an employer/employee type of relationship, i.e., the first spouse substantially controls the business in terms of management decisions and the second spouse is under


the direction and control of the first spouse. If such a relationship exists, then the second spouse is an employee subject to income tax and FICA, Social Security and Medicare withholding.

If your spouse is your employee, not your partner, you must pay Social Security and Medicare taxes for him or her. The wages for the services of an individual who works for his or her spouse in a trade or business are subject to income tax withholding and Social Security and Medicare taxes, but not to FUTA tax. For more information, refer to Publication 15, *Circular E, Employer Tax Guide*.

### Reporting Federal Income Tax as a Qualified Joint Venture Including Self-Employment Tax

Spouses electing qualified joint venture status are treated as sole proprietors for Federal tax purposes. The spouses must share the businesses' items of income, gain, loss, deduction, and credit.

If the business has employees, either of the sole proprietor spouses may report and pay the employment taxes due on wages paid to the employees, using the EIN of that spouse's sole proprietorship. If the business already filed Forms 941 or deposited or paid taxes for part of the year under the partnership's EIN, the spouse may be considered the “successor employer” of the employee for purposes of determining whether the wages have reached the social security and Federal unemployment wage base limits. Refer to Publication 15, *Circular E, Employer Tax Guide* for more information on the successor employer rules.

For more information on qualified joint ventures, refer to *IRS.gov* for *Husband and Wife Business and Election for Husband and Wife Unincorporated Businesses*. 

## Tax Credit Helps Small Employers


continued from page 1

### Amount of Credit

- **Maximum Amount.** The credit is worth up to 35 percent of a small business' premium costs in 2010. On January 1, 2014, this rate increases to 50 percent, or 35 percent for tax-exempt employers. The maximum credit goes to smaller employers, those with the equivalent of 10 or fewer full-time workers, paying less than \$25,000 per employee per year.
- **Phase-out.** The credit phases out gradually for firms with average

wages between \$25,000 and \$50,000 and for firms with the equivalent of between 10 and 25 full-time workers.

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

More information about the credit, including tax tips, guides and answers to frequently asked questions, is available on *IRS.gov* (keyword: Health Care Tax Credit) and at *www.healthreform.gov*. 



## SSA NEWS

## Find Answers to Your Question

Social Security has a wealth of information for employers and employees on our website. Visiting Social Security Online at [www.socialsecurity.gov](http://www.socialsecurity.gov) allows you to conduct many business and personal transactions without leaving your office, home, or going to a local Social Security office.

But what if you need help? If you're just not sure where to start, try asking us "Questions" about wage reporting or about benefits and other programs. Just think of how much time you'll save by finding what you need online.

### Learn More Online

- Social Security Employer questions: [employer-ssa.custhelp.com/cgi-bin/employer\\_ssa.cfg/php/enduser/std\\_alp.php?p\\_sid=vpXT7jZj](http://employer-ssa.custhelp.com/cgi-bin/employer_ssa.cfg/php/enduser/std_alp.php?p_sid=vpXT7jZj)
- Social Security benefit questions: [ssa.custhelp.com](http://ssa.custhelp.com)

## Apply Online For Medicare— Even if You are Not Ready to Retire

Use our online application to sign up for Medicare. It takes less than 10 minutes. You can apply for Medicare even if you are not ready to retire. You can use the online Medicare application if you:

- are at least 64 years and 8 months old;
- want to sign up for Medicare;
- do not want to start receiving Social Security benefits in the next four months; and
- live in the United States, or one of its territories or commonwealths.

It's convenient, quick and easy. Go to the online Medicare application. There's no need to drive to a local Social Security office or wait for an appointment with a Social Security representative.

In most cases, once your application is submitted electronically, you're done. There are no forms to sign and usually no documentation is required. Social Security will process your application and contact you if we need more information. Otherwise you'll receive your Medicare card in the mail.

### Learn More Online

Apply Online for Medicare: [socialsecurity.gov/medicareonly](http://socialsecurity.gov/medicareonly)

## Social Security Participates in the 2010 IRS Nationwide Tax Forums

Social Security will participate in this summer's IRS Nationwide Tax Forums to keep you up-to-date on its electronic wage and tax reporting initiatives. Topics include Business Services Online registration and use, and the Social Security Number Verification Service.

### Learn More Online

- Social Security's wage reporting speaking schedule: [www.socialsecurity.gov/employer/sem.htm](http://www.socialsecurity.gov/employer/sem.htm).
- IRS Nationwide Tax Forums: [www.irs.gov/taxpros/article/0%2C%2Cid=17384300.html](http://www.irs.gov/taxpros/article/0%2C%2Cid=17384300.html)

## Retire Online

Last year, Social Security announced its revised online retirement application with the help of Patty Duke, telling everyone "Retire Online: It's So Easy!" It takes as little as 15 minutes to complete, and in most cases, after you click the "Sign Now" button and submit the application electronically, that's it. There is no driving, waiting, forms to sign, and usually no additional documents are required. Social Security will contact you directly if more information is needed.

### Learn More Online


- Online Retirement Benefit Application, [www.socialsecurity.gov/planners/about.htm](http://www.socialsecurity.gov/planners/about.htm)
- When to Start Receiving Retirement Benefits [www.socialsecurity.gov/pubs/10147.html](http://www.socialsecurity.gov/pubs/10147.html)
- Retirement Estimator [www.socialsecurity.gov/estimator](http://www.socialsecurity.gov/estimator)
- Tips for Seniors in Preparing Their Taxes [www.irs.gov/individuals/retirees/article/0%2C%2Cid=154021%2C00.html](http://www.irs.gov/individuals/retirees/article/0%2C%2Cid=154021%2C00.html)
- Publication 554, *Tax Guide for Seniors* [www.irs.gov/publications/p554/index.html](http://www.irs.gov/publications/p554/index.html)
- IRS Tax Tip 2010-31, Seven Facts About Social Security Benefits [www.irs.gov/newsroom/article/0%2C%2Cid=179091%2C00.html](http://www.irs.gov/newsroom/article/0%2C%2Cid=179091%2C00.html)
- Publication 4644, *Common Errors made by Taxpayers 65 and Older* at [www.irs.gov/pub/irs-pdf/p4644.pdf](http://www.irs.gov/pub/irs-pdf/p4644.pdf)

## Small Business Tax Workshops, Phone Forums and Webinars

**T**he Virtual Small Business Workshop is available on CD and online if you are unable to attend a workshop in person.

Small business workshops are designed to help the small business owner understand and fulfill their Federal Tax responsibilities. Workshops are sponsored and presented by IRS partners who are Federal

Tax specialists. Workshop topics vary from a general overview of taxes to more specific topics such as recordkeeping and retirement plans. Although most are free, some workshops have fees associated with them. Any fees charged for a workshop are paid to the sponsoring organization, not the IRS.

Small business phone forums enable the Internal Revenue Service to address issues involving small businesses without having to leave your home or office. The programs are designed to provide presentations on key topics. The phone forums are free of charge. These forums can be held either at the local or national level. 

## HIRE Act Benefits Employers Who Hire Previously Unemployed Workers

**T**he Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, provides two new tax benefits that are available to employers who hire certain previously unemployed workers ("qualified employees").

The first benefit, referred to as the payroll tax exemption, provides employers with an exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010, through December 31, 2010.

In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000.

The IRS has developed a model affidavit, Form W-11, *Hiring Incentives to Restore Employment (HIRE) Act Employee Affidavit*, for employers to use to have employees certify that they are "qualified employees" for purposes of the two tax benefits. Employers are not required to use Form W-11, though a similar statement

certifying under penalties of perjury that the employee is a qualified employee is required in order for the employer to be eligible to claim the payroll tax exemption. The IRS has also revised Form 941, *Employer's QUARTERLY Federal Tax Return*, to allow for employers to claim the payroll tax exemption. In addition, the IRS has developed frequently asked questions (FAQs) about the payroll exemption and new hire retention credit, which will be updated as needed.

The new Form W-11, the revised Form 941, and the FAQs are all available on [IRS.gov](http://IRS.gov). 

## Alternative Motor Vehicle Credit

**T**he Alternative Fuel Motor Vehicle Credit was enacted by the Energy Policy Act of 2005 and includes separate credits for four distinct categories of vehicles:

1. Qualified Hybrid Vehicles;
2. Qualified Fuel Cell Vehicles;
3. Qualified Alternative Fuel Motor Vehicles (QAFMV) and Heavy Hybrids; and
4. Advanced Lean-Burn Technology Vehicles.

The amount of the potential credit varies by type of vehicle and which of the four credits applies.

Internal Revenue Code Section 30B provides for the Alternative Motor Vehicle Credit. Notice 2006-9 provides procedures for manufacturers to certify passenger auto and light trucks as Qualified Hybrid Vehicles and Advance Lean Burn Vehicles, and Notice 2007-46 provides procedures for heavy hybrid vehicles. Notice 2006-54 provides procedures for manufacturers to certify vehicles as Qualified Alternative Fuel Motor Vehicles (QAFMV). Notice 2008-33 provides procedures for manufacturers to certify Fuel Cell Vehicles.

Each of the four credits under the Alternative Motor Vehicle Credit is addressed individually below.

### 1. Qualified Hybrid Vehicles

Hybrid vehicles are a combination of gasoline and electric engines. These vehicles have drive trains powered by both internal combustion engine and a rechargeable battery.

Generally for qualified hybrids, a taxpayer may rely on the manufacturer's certification that a specific make, model and model year vehicle qualifies for the credit and the amount of the credit for which it qualifies. Taxpayers may claim the full amount of the allowable credit up to the end of the first calendar quarter after the quarter in which the manufacturer records its sale of the 60,000th hybrid passenger automobile or light truck or advance lean burn technology motor vehicle. For the second and third calendar quarters after the quarter in which the 60,000th vehicle is sold, taxpayers may claim 50 percent of the credit. For the fourth and fifth calendar quarters, taxpayers may claim 25 percent of the credit. No credit is allowed after the fifth quarter.

### 2. Qualified Fuel Cell Vehicles

A qualified fuel cell motor vehicle is a vehicle that is propelled by power derived from one or more cells which convert chemical energy directly into electricity.

The base amount of the new qualified fuel cell motor vehicle credit varies with the gross vehicle weight rating of the vehicle. Passenger automobiles and light trucks are eligible for an additional fuel economy amount that varies with the rated fuel economy of a qualifying vehicle. A list of qualifying cell vehicles is available.

### 3. Qualified Alternative Fuel Motor Vehicles (QAFMV) and Heavy Hybrids

For alternative fueled light and heavy duty vehicles to meet the requirements of QAFMV, the vehicles may be either new, original equipment installation vehicles, or prior use vehicles that are converted to use an alternative fuel by an aftermarket installer. Qualified alternative fuel includes compressed natural gas, liquefied natural gas, liquefied petroleum gas (propane) and hydrogen. The vehicles may also operate on certain mixed fuels such as liquefied propane gas or liquefied natural gas and gasoline. For a list of qualified QAFMV see *Qualified Alternative Fuel Motor Vehicles (QAFMV) and Heavy Hybrid Vehicles* on [IRS.gov](http://IRS.gov).

### 4. Advanced Lean-Burn Technology Vehicles

Advanced Lean-Burn Vehicles are passenger cars or light trucks with an internal combustion engine designed to operate primarily using more air than is necessary for complete combustion of the fuel. The vehicles must also incorporate direct fuel injection technology and achieve at least 125 percent of the 2002 model year city fuel economy rating.

Available credit amounts may vary and include a base credit amount based on fuel economy compared to the 2002 model year city fuel economy rating and an additional amount based on the vehicle's lifetime fuel savings.

See *Advanced Lean-Burn Technology Vehicles* on [IRS.gov](http://IRS.gov) for the list of certified qualifying vehicles. 

# Disaster Assistance and Emergency Relief for Individuals and Businesses

Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes. Both individuals and businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return.

The IRS also offers audio presentations on Planning for Disaster on *IRS.gov*. These presentations discuss business continuity planning, insurance coverage, recording keeping and other tips to stay in business after a major disaster.

**Get the Latest Tax Relief Guidance in Disaster Situations** Recent special tax law provisions may help taxpayers recover financially from the impact of a major disaster in their location.

**Preparing for Disasters** Are your home and/or business ready if a disaster strikes? Get information and suggestions on paperless recordkeeping, documenting assets and valuables, and emergency planning.

**Help During Disasters** Families and businesses may not always be spared from major disasters and emergencies. The IRS may be able to help!

**Around the Nation** The IRS news specific to local areas, primarily disaster relief or tax provisions that affect certain states.

**Tax Topic 515 – Casualty, Disaster, and Theft Losses** Casualty losses can result from the destruction of or damage to your property from any sudden, unexpected, and unusual event such as a flood, hurricane, tornado, fire, earthquake or even volcanic eruption.

## For Individuals

**FAQs for Disaster Victims** Current information on disaster relief and frequently asked questions. The Hurricane Katrina FAQs are now listed separately from the general FAQs, which are applicable to any disaster.

**Reconstructing Your Records** Reconstructing records after a disaster may be essential for tax purposes, getting federal assistance or insurance reimbursement. Records that you need to prove your loss may have been damaged or destroyed in a casualty. While it may not be easy, reconstructing your records may be essential.

**Publication 2194, Disaster Losses Kit for Individuals** Publication 2194 is a Disaster Losses Kit to

help individuals claim casualty losses on property that was destroyed by a natural disaster. The kit contains tax forms needed to claim a casualty loss. It also answers common questions like how to extend the time you need to file, how you can receive free tax services and how to identify which disaster losses to claim.

**Help for Hurricane Victims: Information on Tax Relief, Charitable Issues** The IRS is working to provide appropriate relief and assistance to victims of Hurricanes Katrina, Rita and Wilma.

## For Businesses

**Publication 2194B, Disaster Losses Kit for Business** Publication 2194B is a Disaster Losses Kit to help businesses claim casualty losses on property that has been destroyed by a natural disaster. The kit contains tax forms needed to claim a casualty loss.

**Crop Insurance and Crop Disaster Payments – Agriculture Tax Tips** Helpful tax tips including whether crop insurance and crop disaster payments are taxable.

### Disaster Planning Audio Presentations

- Continuity Planning and Other Tips to Stay in Business After a Major Disaster (Audio, Transcript)
- Insurance Coverage and Other Emergency Planning Tips to Help Your Business Survive a Major Disaster (Audio, Transcript)
- Recordkeeping and Reconstructing Business Records to Help Your Business Survive a Major Disaster (Audio, Transcript)
- Disaster and Emergency Relief – Webinar Archive (Video, Transcript, Presentation slides, Q&A)

## For Tax Professionals

**Disaster Relief Resource Center for Tax Professionals** A resource center that addresses many of the questions received from tax professionals. The center includes information published by the IRS, along with links to IRS partners who may offer additional assistance. Many of our partners have developed Web pages that highlight the efforts they've made to help their fellow practitioners to recover and get re-established.

**Disaster Assistance Self-Study** The Disaster Assistance Self-Study provides the basic information needed to assist taxpayers in a disaster. It provides the volunteer practitioner disaster representative member with

information on distributing Disaster Kits, computing gains/losses as the result of a disaster, information about administrative tax relief and information about the psychological effects of a disaster on its victims.

## For Charitable Organizations

**Disaster Relief – Resources for Charities and Contributors** After a disaster or other emergency hardship situation, people may be interested in using a charitable organization to help victims. The IRS provides a number of resources to help them accomplish this goal.

**Publication 3833, Disaster Relief, Providing Assistance Through Charitable Organizations** Describes how members of the public can use charitable organizations to provide assistance to victims of disasters or other emergency hardship situations.

## Talk With the IRS

**Contact My Local Office** IRS Taxpayer Assistance Centers are your one-stop resource for face-to-face tax help and solutions to tax problems, every business day.

**Taxpayer Advocate Service** The Taxpayer Advocate is an independent organization within the IRS. They help taxpayers resolve problems with the IRS and recommend changes that will prevent the problems.

## Other Government Agency Disaster Information

**DisasterAssistance.gov** A one stop web portal that consolidates information from 17 U.S. Government Agencies where taxpayers can apply for Small Business Administration loans through online applications, receive referral information on forms of assistance that do not have online applications, or check the progress and status of their applications online.

**Federal Emergency Management Agency (FEMA)** Federal disaster aid programs provided by the Federal Emergency Management Agency (FEMA) are available to citizens affected by major disasters.

**Small Business Administration (SBA)** The U.S. Small Business Administration (SBA) is responsible for providing affordable, timely and accessible financial assistance to homeowners, renters and businesses of all sizes located in a declared disaster area. Financial assistance is

## News and Announcements

### Plug-In Electric Vehicle Credit

Internal Revenue Code Sections 30 & 30D provide credits for certain Plug-in Electric Vehicles. Qualified vehicles may include low-speed vehicles, passenger vehicles, light trucks, and certain other vehicle types. The amount of the credit varies based on the type of vehicle and applicable credit.

■ IRS provides more information on IRS 30 and 30D at [www.irs.gov/businesses/article/0%2C%2Cid=214841%2C00.html](http://www.irs.gov/businesses/article/0%2C%2Cid=214841%2C00.html)

### EFTPS: The Electronic Federal Tax Payment System

#### A Secure Way to Pay All Your Federal Taxes

The Electronic Federal Tax Payment System is a tax payment system provided *free* by the U.S. Department of Treasury. Pay federal taxes electronically via the Internet or phone 24/7.

Visit EFTPS on [IRS.gov](http://IRS.gov) to enroll.

Businesses and Individuals can pay all their federal taxes using EFTPS. Individuals can pay their quarterly 1040ES estimated taxes electronically using EFTPS, and they can make payments weekly, monthly, or quarterly. Both business and individual payments can be scheduled in advance.

#### Additional Information is available in these articles:

- Publication 966 – *The Secure Way to Pay Your Federal Taxes for Businesses and Individuals*
- Publication 4169 – *Tax Professional Guide to Electronic Federal Tax Payment System*
- Publication 4320 – EFTPS Toolkit – contains PDF(s) and descriptions of EFTPS educational materials and their intended

## Disaster Assistance and Emergency Relief

continued from page 5

available in the form of low-interest, long-term loans for losses that are not fully covered by insurance or other recoveries.

**READY.gov** Learn how individuals and businesses can prepare for and respond to all kinds of disasters and emergencies.

**GovBenefits.gov** *GovBenefits.gov* wants to let survivors and disaster relief workers know about the many disaster relief programs available. Perhaps you have suffered damage to a home or business, lost your job, or experienced crop damage due to a natural disaster. *GovBenefits.gov* has a variety of national benefit and assistance programs geared toward disaster recovery.

target audience, for use by tax professionals and financial institutions to assist in educating their clients on the benefits of EFTPS.

### Alternative Fuel Vehicle Refueling Property Credit

For property placed in service in 2009 and 2010, the alternative fuel vehicle refueling property credit is increased. For property that relates to hydrogen, the maximum credit per location is increased to \$200,000. For all other property, the credit percentage is increased to 50% and the maximum credit per location is increased to \$50,000 (\$2,000 for nondepreciable property).

For more information, see Form 8911, *Alternative Fuel Vehicle Refueling Property Credit*.

### Ohio Passes Child Support E-payments Legislation

The state of Ohio recently passed legislation requiring employers to remit their child support payments electronically to the Ohio Child Support Payment Central (CSPC). Criteria for determining whether your company must submit electronic payments vary by state. In passing this legislation, Ohio joins 10 other states:

California, Florida, Illinois, Indiana, Massachusetts, Nebraska, Oregon, Pennsylvania, Texas and Virginia, that already have legislation or regulations requiring employers to remit their child support payments electronically. Effective October 2009, employers in Ohio with 50 or more employees must remit child support payments electronically. Employers may use the Electronic Funds Transfer/Electronic Data Interchange (EFT/EDI) option or a web-based payment service (free to employers), known as Expert Pay. More information about CSPC is available at [www.jfs.ohio.gov/Ocs/employers/cspc.stm](http://www.jfs.ohio.gov/Ocs/employers/cspc.stm).

## IRS Forms and Publications available at [IRS.gov](http://IRS.gov)

- Publication 1600, *Disaster Losses – Help from the IRS* This brochure highlights federal tax treatment of disaster area losses for individuals and business owners.
- Publication 547 – *Casualties, Disasters and Thefts* Publication 547 explains how to treat casualties, thefts, and losses on deposits. It discusses definitions, how to figure gain or loss, how to treat reimbursements, and how to report them.
- Form 1040X, *Amended U.S. Individual Income Tax Return*
- Publication 584, *Casualty, Disaster and Theft Loss Workbook*
- Publication 584B, *Business Casualty, Disaster and Theft Loss Workbook*
- Publication 2194, *Disaster Losses Kit for Individuals*
- Publication 2194B, *Disaster Losses Kit for Businesses*
- Publication 3067 (EN/SP) *IRS Disaster Assistance – Federally Declared Disaster Area* (English/Spanish)
- Publication 3067 (EN/CN) (English/Chinese)
- Publication 3067 (EN/DE) (English/German)
- Publication 3067 (EN/KR) (English/Korean)
- Publication 3067 (EN/RU) (English/Russian)
- Publication 3067 (EN/VN) (English/Vietnamese)
- Publication 3833, *Disaster Relief: Providing Assistance through Charitable Organizations* **IRS**

# Reporter

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**Comments** may be sent to Laura Askew, Editor  
**Mail** (NOT for change of address):  
Internal Revenue Service  
Small Business/Self-Employed Communications  
C2-220, New Carrollton Federal Building  
5000 Ellin Road  
Lanham, MD 20706

**e-mail** (NOT for change of address):  
SSA.IRS.REPORTER@irs.gov

### 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](http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html) at <http://www.irs.gov/businesses/small/article/0%2C%2Cid=109886%2C00.html>.



## Social Security Administration

## Internal Revenue Service

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# Reporter

Fall 2010

A Newsletter for Employers

## IRS Reaches Out to Millions of Employers on Benefits of New Health Care Tax Credit

In April of this year, the Internal Revenue Service mailed postcards to more than four million small businesses and tax-exempt organizations to make them aware of the benefits of the recently-enacted small business health care tax credit.

Included in the Patient Protection and Affordable Care Act approved by Congress last month and signed into law by President Obama, the credit is one of the first health care reform provisions to go into effect. The credit, which takes effect this year, is designed to encourage small employers to offer health insurance coverage for the first time or maintain coverage they already have.

"We want to make sure small employers across the nation realize that — effective this tax year — they may be eligible for a valuable new tax credit. Our postcard mailing — which is targeted at small employers — is intended to get the attention of small employers and encourage them to find out more," IRS Commissioner Doug Shulman said. "We urge every small employer to take advantage of this credit if they qualify."

In general, the credit is available to small employers that

pay at least half the cost of single coverage for their employees in 2010. The credit is specifically targeted to help small businesses and tax-exempt organizations that primarily employ low- and moderate-income workers.

For tax years 2010 to 2013, the maximum credit is 35 percent of premiums paid by eligible small business employers and 25 percent of premiums paid by eligible employers that are tax-exempt organizations. The maximum credit goes to smaller employers — those with 10 or fewer full-time equivalent (FTE) employees — paying annual average wages of \$25,000 or less. Because the eligibility rules are based in part on the number of FTEs, not the number of employees, businesses that use part-time help may qualify even if they employ more than 25 individuals. The credit is completely phased out for employers that have 25 FTEs or more or that pay average wages of \$50,000 per year or more.

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

IRS

### Do You Qualify for the Small Business Health Care Tax Credit?

This new credit helps small businesses and small tax-exempt organizations afford the cost of covering their employees and is specifically targeted for those with low- and moderate-income workers. It's designed to encourage small employers to offer health insurance coverage for the first

time or maintain coverage they already have. In general, the credit is available to small employers that pay at least half the cost of single coverage for their employees.

Millions of small employers received postcards from the IRS beginning the week of April 19 that alerted them to the new

*continued on page 2*

## Form 8955-SSA, Annual Registration Statement Identifying Separated Participants with Deferred Vested Benefits

Beginning with returns for the 2009 plan year, the Schedule SSA (Form 5500) has been eliminated as a schedule of the Form 5500 Annual Return/Report and is replaced with Form 8955-SSA. Plan administrators must file this new form with the IRS and **not** through the EFAST2 filing system.

Plan administrators are not required to file the Form 8955-SSA for the 2009 plan year and subsequent years until guidance is issued by the IRS. The IRS anticipates the guidance will establish a special due date, expected to occur in 2011, for the 2009 Form 8955-SSA.

*Note:* The special due date for Form 8955-SSA **will not** affect the time for filing the applicable Form 5500 or Form 5500-SF for the 2009 plan year through EFAST2.

After the Form 8955-SSA and related instructions are available for filing, plan administrators should expect to have a reasonable amount of time to complete and file the form by the special due date. The information reported on the new form will be similar to the information previously required for Schedule SSA. Refer to the "Form 5500 Corner" on IRS.gov under "Retirement Plans Community" and "Forms/Pubs/Products" for updates on the

availability of the new Form 8955-SSA.

The new Form 8955-SSA must be filed directly with the IRS either on paper or electronically (once available). Paper forms may be filed by mailing them to Department of the Treasury, Internal Revenue Service Center, Ogden, UT 84201-0024. You can obtain forms by calling 800-TAX-FORM (800-829-3676) or you can go to [www.irs.gov](http://www.irs.gov) to access forms and publications.

Electronic Forms 8955-SSA will be filed with the Internal Revenue Service, Information Returns Branch, through the FIRE (Filing Information Returns Electronically) System after January 2011. Plan Administrators wishing to file electronically must apply for a Transmitter Control Code (TCC) by filing Form 4419, *Application for Filing Information Returns Electronically (FIRE)*, available at [www.irs.gov](http://www.irs.gov). Electronic filing specifications are provided in Publication 4810, *Specifications for Filing Form 8955-SSA Electronically*, which will be available on IRS.gov after Oct. 2010. Testing of electronic file submissions may be available for Form 8955-SSA in Nov. 2010. Questions on electronic filing format as described in Publication 4810 can be answered by calling 866-455-7438, ext 4. For questions on tax law and paper filings, call 877-829-5500. **IRS**

## Affordable Care Act Permits Small Employers to Establish Simple Cafeteria Plans

**U**nder the Affordable Care Act, small employers may offer simple cafeteria plans to employees without having to meet the nondiscrimination requirements of a classic cafeteria plan or of certain benefits provided through the cafeteria plan.

To establish a simple cafeteria plan, an employer must have employed an average of 100 or fewer employees on business days during either of the two preceding years.

If the employer's simple cafeteria plan meets certain contribution, eligibility, and participation requirements, then it can be treated as meeting applicable nondiscrimination requirements during the year — even if the employer increases hiring in subsequent years. However, this exemption does not apply after an employer reaches an average of 200 or more employees on business days during a year.

These plans will be allowable after December 31, 2010. As it becomes available, the IRS will provide additional information about simple cafeteria plans on the Affordable Care Act section of [IRS.gov](http://IRS.gov). **IRS**

## Do You Qualify for the Health Care Tax Credit?

continued from page 1

Small Business Health Care Tax Credit and encouraged them to check their eligibility. Even if you didn't receive a postcard, your business still may be eligible.

Visit the **Small Business Health Care Tax Credit for Small Employers** page on [IRS.gov](http://IRS.gov), [www.irs.gov/newsroom/article/0%2C%2Cid=223666%2C00.html](http://www.irs.gov/newsroom/article/0%2C%2Cid=223666%2C00.html), for eligibility requirements, amount of credit available, frequently asked questions, and more. If you are a small employer (business or tax-exempt) that provides health insurance coverage to your employees, determine if you may qualify for the Small Business Health Care Tax Credit by following the three simple steps shown to the right. **IRS**

**1** Determine the total number of your employees (not counting owners or family members):

Full-time employees: \_\_\_\_\_  
(enter the number of employees who work at least 40 hours per week)

+

Full-time equivalent of part-time employees: \_\_\_\_\_  
(Calculate the number of full-time equivalents by dividing the total annual hours of part-time employees by 2080.)

=  total employees

If the total number of employees is fewer than 25 **GO TO STEP 2**

**2** Calculate the average annual wages of employees (not counting owners or family members):

Take the total annual wages paid to employees: \_\_\_\_\_

÷

Divide it by the number of employees from STEP 1: \_\_\_\_\_  
(total wages ÷ number of employees)

=  average wages

If the result is less than \$50,000, **AND**

**3** You pay at least half of the insurance premiums for your employees at the single (employee-only) coverage rate, then

**>>** you may be able to claim the **Small Business Health Care Tax Credit**. Find out more information at [IRS.gov](http://IRS.gov).

## Hiring a New Employee

Get the paperwork done right the first time



It's exciting to have a new employee join your business to take on some of the tasks you've been wanting to delegate. Here are some tips from the American Payroll Association on taking care of the paperwork so it doesn't come back to haunt you later.

### Work Eligibility

Verify that the employee is legally eligible to work in the United States. The employee and employer must each complete their parts of Form I-9, *Employment Eligibility Verification*, and the employee must show original documents that prove identity and work authorization. Form I-9 may be completed as soon as the employee accepts your job offer and must be completed by your third business day after his or her first day of work. Make sure you're using one of the 2009 revisions of the form and its list of acceptable documents. The form and the Handbook for Employers are available at [www.uscis.gov/i-9](http://www.uscis.gov/i-9).

E-Verify is an online system that allows employers to electronically verify that a new hire's name and social security number (SSN) are a match in the records of the Social Security Administration and that the new hire is authorized to work in the U.S. according to the U.S. Citizenship and Immigration Services. Form I-9 must still be completed, however. E-Verify is required for employers that are federal contractors, and it is required under the laws of many states. More information is available at [www.uscis.gov/E-Verify](http://www.uscis.gov/E-Verify).

### Withholding Allowance Certificates

This is the employee's entry into the U.S. tax system! The employee should complete a federal Form W-4, *Employee's Withholding Allowance Certificate*, and any applicable state withholding form so that you can withhold the correct amount of income tax. Form W-4 is at [www.irs.gov/pub/irs-pdf/fw4.pdf](http://www.irs.gov/pub/irs-pdf/fw4.pdf). If the employee does not complete a Form W-4, withhold federal income tax based on a marital status of "single" and zero withholding allowances.

You may ask the employee to show you the Social Security card (and you may photocopy it) so that you can verify that the name and SSN that you enter in your payroll records and eventually provide in federal and state payroll reporting (such as Form W-2) are correct. Accuracy ensures that the employee can get all the benefits to which he or she is entitled, such as unemployment insurance and eventual federal retirement payments, and it ensures that you won't receive notices of errors and potential penalties.

### Tax Savings Under the HIRE Act

You may be entitled to relief from the employer share of social security taxes on wages paid to your new hire through the end of the year, as well as up to \$1,000 in a business income tax credit per qualified employee. The employee must certify that he or she has not been employed for more than 40 hours during the 60 days prior to joining you. A convenient way to obtain that certification is through Form W-11, *HIRE Act Employee Affidavit*. It is at [www.irs.gov/pub/irs-pdf/fw11.pdf](http://www.irs.gov/pub/irs-pdf/fw11.pdf) and also describes other conditions to be met.

### Verify Employee's Name and Number

Even if you saw the employee's social security card, it's a good idea to verify the match of the name and SSN, in case of a name change or fraud. Plus, it's easy and free. You can do it online at [www.ssa.gov/employer/ssnv.htm](http://www.ssa.gov/employer/ssnv.htm). You'll need to register, and, to prevent fraudulent use, an activation code will be mailed to your business address according to SSA's records.

More information, including how to correctly format complex names and what to do if the employee never gives you a SSN, is available at [www.socialsecurity.gov/employer/critical.htm](http://www.socialsecurity.gov/employer/critical.htm).

### New Hire Reporting

Each new hire must be reported to the state in which he or she works shortly after the date of hire. This information is matched against child support records at the state and national levels to locate parents who owe child support. In addition, many states are using the information to combat fraud in the areas of unemployment insurance, disability insurance, and workers' compensation benefits.

New hire reporting may be accomplished as easily as faxing a copy of the employee's W-4, but every state offers more methods as well, ranging from mailing a printed report to interactive telephone systems to Internet submission. In addition, multistate employers may elect to send all their new hire reports to just one state. More information, including links to each state's requirement, is at [www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm](http://www.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm). **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 2011, with the most accurate and up-to-date information to educate employers. More information about the APA is available at [www.americanpayroll.org](http://www.americanpayroll.org).*

## APA's National Payroll Week Web Site: Lots of Great Resources and a Free Paycheck!

**N**ational Payroll Week (NPW), September 6-10, 2010, 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 \$1.7 trillion, or 71.9%, of the annual revenue of the U.S. Treasury (IRS 2009 Data Book, Table 1).

APA's National Payroll Week Web site has paycheck calculators to help you and your employees, and information on saving for retirement, reducing your tax bill, and understanding your pay.

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, NV.

Learn more on APA's National Payroll Week at [www.nationalpayrollweek.com](http://www.nationalpayrollweek.com). **APA**

## APA Seminar/Webinar: Year-End Compliance and New Rules for 2011

**T**he American Payroll Association's *Preparing for Year-End and 2011* provides updates on the latest changes in legislation and regulations that affect the close of 2010 and the beginning of 2011, including:

- Changes to 941/W-2 reporting under the HIRE Act
- Reporting employer-provided health care in 2011
- Change in definition of "medical expense" for flexible spending arrangements and health savings accounts
- Calendar of year-end tasks
- Fringe benefit taxation and reporting
- Annually announced values (pension plan limits, mileage rates, etc.)

Any of the one-day seminars can be attended at locations around the country or any/all of four segments of the class are offered as webinars online. Some seminars are customized for government/public sector payrolls and for accounts payable professionals. Most of the one-day seminars also include a presentation by IRS and SSA.

For more information, visit [www.americanpayroll.org/course-conf](http://www.americanpayroll.org/course-conf) and click "Specialty Seminars" and "Webinars."

## The Taxpayer Advocate Service is Your Voice at the IRS!

**T**axpayer Advocate Service (TAS) is an independent organization within the IRS. TAS helps taxpayers resolve problems with the IRS and recommends changes that will prevent the problems. Here are seven things every taxpayer should know about TAS:

1. TAS is your voice at the IRS.
2. Our service is free, confidential, and tailored to meet your needs.
3. You may be eligible for TAS help if you have tried to resolve your tax problem through normal IRS channels and have gotten nowhere, or you believe an IRS procedure just isn't working as it should.
4. TAS helps taxpayers whose problems are causing financial difficulty or significant cost, including the cost of professional representation. This includes businesses as well as individuals.

5. TAS employees know the IRS and how to navigate it. We will listen to your problem, help you understand what needs to be done to resolve it, and stay with you every step of the way until your problem is resolved.

6. TAS has at least one local taxpayer advocate in every state, the District of Columbia, and Puerto Rico. You can call your local advocate, whose number is in your phone book, in Publication 1546, *Taxpayer Advocate Service — Your Voice at the IRS*, and under Contact Your Advocate at [www.irs.gov/advocate/article/0%2C%2Cid=97402%2C00.html](http://www.irs.gov/advocate/article/0%2C%2Cid=97402%2C00.html). You can also call our toll-free case intake line at 877-777-4778.

7. You can learn about your rights and responsibilities as a taxpayer by visiting the TAS online tax toolkit at [www.taxtoolkit.irs.gov](http://www.taxtoolkit.irs.gov). 

## HIRE Act: Questions and Answers for Employers

**U**nder the Hiring Incentives to Restore Employment (HIRE) Act, enacted March 18, 2010, two new tax benefits are available to employers who hire certain previously unemployed workers ("qualified employees").

The first, referred to as the payroll tax exemption, provides employers with an exemption from the employer's 6.2 percent share of social security tax on wages paid to qualifying employees, effective for wages paid from March 19, 2010 through December 31, 2010.

In addition, for each qualified employee retained for at least 52 consecutive weeks, businesses will also be eligible for a general business tax credit, referred to as the new hire retention credit, of 6.2 percent of wages paid to the qualified employee over the 52 week period, up to a maximum credit of \$1,000.

More information on HIRE is available at [www.irs.gov/businesses/small/article/0%2C%2Cid=220745%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=220745%2C00.html). 

## IRS Provides Tax Help, Guidance to Gulf Oil Spill Victims

**O**n July 17, the Internal Revenue Service provided guidance to individuals and businesses affected by the oil spill in the Gulf of Mexico during a special Gulf Coast Assistance Day.

"This is a very difficult time for many people affected by the oil spill in the Gulf of Mexico. As residents of the region cope with the evolving situation, I want to assure them that the IRS will be doing everything it can to provide tax help to those who need it," IRS Commissioner Doug Shulman said. "We encourage anyone who has an issue with the IRS to contact us and explain their hardship, and we will work with them to find a solution. We'll do everything we can under current law to help taxpayers."

The guidance is based on current law and it explains how recipients of payments from BP should treat the payments for tax purposes. According to the current law, BP payments for lost income are taxable in the same way that the wages or business income these payments are replacing would have been. The law treats


compensation for lost wages or income differently for tax purposes than compensation for physical injuries or property loss, which generally are non-taxable.

Every person can have unique financial circumstances, so the IRS encourages taxpayers to review their tax situation or talk with their tax preparers about the implications of payments or compensation from the oil spill.

The new information is available in a question-and-answer format on a special section of the IRS website, *IRS.gov*. The IRS is closely monitoring the situation in the Gulf, and additional information will be added to *IRS.gov* as it becomes available.

In addition, taxpayers with problems related to the Gulf spill will soon be able to reach IRS personnel through an IRS toll-free telephone line. Specially trained IRS personnel will be available to help people with tax questions related to the oil spill. More information will be available soon about this telephone line.

The IRS encourages taxpayers and businesses in the Gulf struggling with payment or collection issues to contact the agency. The IRS continues to have a number of ways to help taxpayers dealing with oil spill issues or other economic hardship issues, including:

- Assistance of the Taxpayer Advocate Service at [www.irs.gov/advocate/index.html](http://www.irs.gov/advocate/index.html) for those taxpayers experiencing economic harm, who are seeking help resolving tax problems that have not been resolved through normal channels.
- Postponement of collection actions in certain hardship cases.
- Added flexibility for missed payments on installment agreements and offers in compromise for previously compliant individuals having difficulty paying.
- IRS employees will be permitted to consider a taxpayer's current income and potential for future income when negotiating an offer in compromise.
- Accelerated levy releases for taxpayers facing economic hardship. 



## E-Verify—New Interface, New Training

**Guides and manuals organized onto one page**

E-Verify users will notice a redesigned interface that was launched on June 13, 2010. The US Citizenship and Immigration Services (USCIS) made E-Verify even easier for employers to use by implementing a modern design, intuitive navigation, helpful compliance tools, and clear language.

In addition, E-Verify manuals and guides are now available on one page — Publications: Manuals and Guides, [www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=3625479347ea6210VgnVCM100000b92ca60aRCRD&vgnnextchannel=3625479347ea6210VgnVCM100000b92ca60aRCRD](http://www.uscis.gov/portal/site/uscis/menuitem.eb1d4c2a3e5b9ac89243c6a7543f6d1a/?vgnextoid=3625479347ea6210VgnVCM100000b92ca60aRCRD&vgnnextchannel=3625479347ea6210VgnVCM100000b92ca60aRCRD), within the USCIS website. Updated publications will be available this month, USCIS has announced.

E-Verify is an online system that allows employers to electronically verify that a new hire's name and social security number are a match in the records of the Social Security Administration, and that the new hire is authorized to work in the United States, according to the Department of Homeland Security.

If you are a current user, you will still use your existing user ID and password and will still have access to all of your cases. The first time you log in after the update, you'll be required to take a short tutorial to learn about the changes. This tutorial should take about 20 minutes, according to USCIS.

The redesign implements USCIS's "plain language" initiative. This should make E-Verify easier to understand for employers and employees. USCIS does still make a glossary available.

To learn more about the change or to learn about E-Verify in general, CIS has these educational vehicles:

- Webinars: [www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=9085bd181e09d110VgnVCM1000004718190aRCRD&vgnnextchannel=75bce2e26140510VgnVCM1000004718190aRCRD](http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=9085bd181e09d110VgnVCM1000004718190aRCRD&vgnnextchannel=75bce2e26140510VgnVCM1000004718190aRCRD) on I-9, E-Verify, and E-Verify for Federal Contractors

- New "how to" videos on how to create a case and how to respond to a tentative non-confirmation (TNC). Both videos are located on [www.uscis.gov](http://www.uscis.gov).

E-Verify is currently used by over 205,000 employers at more than 750,000 worksites and is growing by more than 1,400 employers a week. For more information, visit [www.dhs.gov/E-Verify](http://www.dhs.gov/E-Verify). **APA**

*Editor's Note: The American Payroll Association (APA) works closely with USCIS as well as Immigration and Customs Enforcement to minimize employer burden while supporting the government's goal of keeping our nation secure. More information about the APA is available at [www.americanpayroll.org](http://www.americanpayroll.org).*

## Disaster Assistance and Emergency Relief for Individuals and Businesses

Special tax law provisions may help taxpayers and businesses recover financially from the impact of a disaster, especially when the federal government declares their location to be a major disaster area. Depending on the circumstances, the IRS may grant additional time to file returns and pay taxes. Both individuals and businesses in a federally declared disaster area can get a faster refund by claiming losses related to the disaster on the tax return for the previous year, usually by filing an amended return.

The IRS also offers audio presentations on Planning for Disaster. These presentations discuss business continuity planning, insurance coverage, recording keeping and other tips to stay in business after a major disaster.

For more information about tax relief in disaster situations, visit [www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html](http://www.irs.gov/businesses/small/article/0%2C%2Cid=156138%2C00.html). **IRS**

## Revised Form SS-4, Application for Employer Identification Number, Requires Identification of Responsible Party

The Internal Revenue Service revised Form SS-4, *Application for Employer Identification Number*, to clearly identify the applicant's true owner. Effective January 2010, all mail, fax, phone, and electronic EIN applications must disclose the name and taxpayer identification number of the true "responsible party" for the entity requesting an EIN.

For an EIN applicant that is publicly traded or is registered with the Securities and Exchange Commission, the "responsible party" is the principal officer, general partner, grantor, owner of a disregarded entity, owner, or trustor, depending on the business entity of the applicant. For all other entities, the "responsible party" is the person who can control, manage, or direct the entity and the disposition of the entity's funds and assets.

A nominee is an entity with delegated authority to act in name only and can never be the "responsible party" for the Form SS-4 application. The IRS does not accept the use of nominees to obtain EINs. The SS-4 must be signed by an individual with the authority to legally bind the entity; therefore, it cannot be signed by a nominee.

Prior to the SS-4 revision, taxpayers obtained EINs using nominee individuals for the EIN application process. Entities that used nominees on their applications should consider updating the information shown on the original application. Third party designees filing online applications must retain a complete copy of the paper Form SS-4, signed by the responsible party, and a signed authorization statement, for each EIN application filed with the IRS.

Using nominees in the EIN application process prevents the IRS from gathering appropriate information on entity ownership. It may also facilitate tax non-compliance by entities and their owners. Clearly identifying an entity's true owner makes it difficult for taxpayers to conceal their income and assets. The IRS will pursue penalties, injunctions, or other enforcement action to prevent the misuse of EIN applications. **IRS**

## IRS NEWS

## Online Learning and Educational Products on IRS.gov

**IRS Live** IRS Live is for the tax pro in the know. A live webinar, IRS Live is a panel discussion among IRS experts and industry professionals aimed at educating tax professionals on the most current and complex tax issues affecting them and their clients.

**IRS Video Portal** The IRS Video portal contains video and audio presentations on topics of interest to small businesses, individuals and tax professionals. You will find video clips of tax topics, archived versions of live panel discussions and webinars, as well as audio archives of tax practitioner phone forums.

**Small Business/Self-Employed Virtual Small Business Tax Workshop** Topics include: What you need to know about Federal Taxes and your new business, how to set up and run your business so paying taxes isn't a hassle, Federal Unemployment Taxes, and much more.

**The Small Business Resource Guide** The online version of the Small Business Resource Guide (SBRG) is no longer available, but you can find your tax topic on *IRS.gov* using the A-Z Index for Business page.

**Small Business Products Online Ordering** Looking for a tool to help you meet your tax requirements? Choose from our free products, developed especially for the Small Business/Self-Employed person, and obtain updated information on existing products. Order today online or by calling (800) 829-3676.

**Tax Calendar for Small Businesses and Self-Employed (Publication 1518)** This calendar is filled with useful information on general business taxes, IRS and SSA customer assistance, electronic filing and paying options, retirement plans, business publications and forms, common tax filing dates, and Federal legal holidays.

**Rate Our Products and the Web site** Help us to help you! We want to know how our products fit your needs as a businessperson. To make a better, more informative, and more "user friendly" product or Web site, we need your input.

### Tax Scams—How to Recognize and Avoid Them

To help the public recognize and avoid abusive tax schemes, the IRS offers an abundance of educational materials. Participating in an illegal scheme to avoid paying taxes can result in imprisonment and fines, as well as the repayment of taxes owed with penalties and interest. Education is the best way to avoid the pitfalls of these "too good to be true" tax scams.

**Basic Tools for Tax Professionals** This tool is to help practitioners find information needed to better serve their clients. A one-stop shop.

**SBA's Small Business Training Network** This site is a virtual campus housing free training courses, workshops and knowledge resources designed to assist entrepreneurs and other students of enterprise.

**Understanding Taxes** The Understanding Taxes (UT) program features over 1,100 pages of content designed to make learning taxes interactive, relevant, and educational. Understanding Taxes makes real world connections to classroom instruction. It is a great resource for high schools, community colleges, and the general public for learning more about the history, theory, and application of taxes in the United States.

**Link and Learn Taxes** This web-based program is the core curriculum through which IRS Partners and Volunteers are given quality baseline training in tax return preparation. This fun, interactive course teaches you the basics to accurately prepare income tax returns for individuals and obtain your volunteer certification along the way — at your own pace!

**SBTV.com** SBTv.com is a television network on the Web devoted exclusively to providing engaging streaming video content to small businesses. It provides technical information on how to run your business, inspirational stories from entrepreneurs across the country, information about small business conferences and events, and resources to help solve day-to-day business challenges.

# Reporter

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**Comments** may be sent to Laura Askew, Editor

**Mail** (NOT for change of address):  
Internal Revenue Service  
Small Business/Self-Employed Communications  
C2-220, New Carrollton Federal Building  
5000 Ellin Road  
Lanham, MD 20706

**e-mail** (NOT for change of address):  
SSA.IRS.REPORTER@irs.gov

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