



MOORMAN, HARTING & CO.

Certified Public Accountants

Financial Advisors

ONE Stop, ONE Phone Call, ONE Firm

June - 2011 Edition

Firm News

30 Years of Service



Janet M. Bills, EA

Moorman, Harting and Co. would like to congratulate Janet Bills, an enrolled agent, for her 30 years of dedicated service to our firm. Over the past 30 years, Janet has provided quality tax and accounting services to a large number of individual, business and agricultural clients.

She provides services to various entities including partnership, corporations and limited liability companies. She is licensed to practice before the Internal Revenue Service in audits and tax related matters. Janet continues to prepare a variety of complex individual and business returns for numerous clients.

Janet's professional commitment includes a minimum of 24 hours annually for professional education, which enables her to provide the best possible service for all of her clients. Many of them have expressed their appreciation of both her dedicated service and attention to detail. Janet states, "I really enjoy working with clients and helping them find solutions to any accounting and tax issues that they might have."

Janet resides in St. Henry with her husband Terry. They have four children.

Tax Highlights

These tax highlights are presented by Randall L. Kaup, CPA. Randy is a CPA and partner in our firm. He specializes in tax and accounting for small businesses and agricultural clients. His extensive experience and education allows him to provide business-building ideas and advanced tax planning concepts to our clients.



Randall L. Kaup, CPA

1099 Appeal Approved

On Friday, April 15th, President Obama signed into law the Comprehensive 1099 Protection and Repayment of Exchange Subsidy Overpayments Act of 2011. This act repeals both the expanded Form 1099 information reporting requirements mandated by last year's health care legislation and also the 1099 reporting requirements imposed on taxpayers who receive rental income enacted as part of last year's Small Business Jobs Act.

In March 2010, the health care reform bill expanded the 1099 reporting requirements to include all payments to a single payee, including corporations, and to include payments made for property, starting with payments in 2012. In addition, the Small Business Jobs Act enacted a requirement that individuals who receive rental income issue forms 1099 to service providers for payments totaling \$600 or more. The act did this by specifying that a person receiving rental income from real estate is considered to be engaged in a trade or business.

As a result of the appeal, **the 1099 reporting rules will now continue unchanged.** Persons engaged in a trade or business making payments in the course of the trade or business to another person in amounts aggregating more than \$600 must report the amount and name, address, and ID number of the recipient to the IRS. Corporations receiving payments are removed from the reporting requirements as in the past. Recipients of rental income are no longer included in the definition of a trade or business, and will not need to file 1099 forms. The increase in penalty amounts for failure to file correct information returns enacted under the Small Business Jobs Act were not repealed.

Liberalized Cost Recovery Rules

Several taxpayer friendly depreciation regulations were extended through the end of 2011. The Section 179 write-off for business assets purchased during tax years beginning in 2011 remains at \$500,000. This provision allows the write-off of new or used equipment, but is generally limited to the amount of business income. Also, for new equipment placed into service before December 31, 2011, 100% bonus depreciation remains in effect. This provision may be helpful since there is no income limitation to the amount of depreciation that may be claimed under this provision. Business' purchasing a new passenger auto, truck, or van may also benefit from higher first year depreciation limits for 2011 while expanded bonus depreciation remains in effect. Our staff would be glad to help you understand how the extended depreciation limits can benefit your business.

IRA Transfers to Charity



For those individuals with charitable goals, the 2010 Tax Relief Act has extended until Dec. 31, 2011, the ability to make a direct transfer from an IRA account to a qualifying

charity. The distribution is not included in the taxpayer's taxable income, and is not allowed as a charitable deduction. The maximum qualified distribution allowed is \$100,000, and the amount transferred can be used to satisfy the taxpayer's required minimum distribution (RMD) for 2011.

State of Ohio to Target Businesses for Unpaid Use Tax

Most business owners are aware of their responsibility to collect Ohio sales tax, however, are they also aware that they may be obligated to pay use tax?

The State of Ohio imposes a use tax on purchasers of taxable goods or services in transactions where the seller did not collect the necessary sales tax

when the goods or services were purchased. This frequently occurs when a business buys goods and services online, but, it may also occur in situations where the seller did not believe the good or service was subject to sales tax.

The Ohio Department of Taxation has recently begun targeting Ohio businesses looking for outstanding use tax liability. In some cases, the State has uncovered several years of unreported use tax and assessed interest and penalties in addition to the unpaid tax.

Now through August 1st, the Ohio Department of Taxation has scheduled an Amnesty Program in which any taxpayer that signs a Voluntary Disclosure Agreement and pays its use tax bill will only be liable for up to three years of back taxes and interest. If you think that you or your business may have unpaid use tax outstanding, please contact our office and we can assist you with enrolling in this Amnesty Program. Also, let us know if you have any other sales tax issue with which we can assist.



Douglas M. Bertke, CPA

This sales tax update is presented by Douglas M. Bertke, CPA. Doug is a CPA with extensive tax and accounting experience. He works with numerous individual, small business and agricultural clients. He also has expertise and continually does professional education on Ohio Sales and Use Tax Laws to better serve our clients.

Financial Services

Moorman, Harting Financial Services, Ltd. has adopted and continues to implement world-class total wealth management to both business and individuals. Through extensive education and experience, we utilize comprehensive business planning strategies and wealth care management services. Our team of financial advisors can help our clients build a secure financial future, while managing the tax consequences.

Securities offered through 1st Global Capital Corp., Member of FINRA, SIPC
Investment Advisory Services offered through 1st Global Advisors, Inc.

Payroll News

Change in Social Security Withholding

Millions of workers should see their take-home pay rise during 2011 because the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 provides a two percentage point payroll tax cut for employees, reducing their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid. This reduced Social Security withholding will have no effect on the employee's future Social Security benefits.

The new law also maintains the income-tax rates that have been in effect in recent years.

Employers should already be using the new lower Social Security withholding rate of 4.2 percent. The employer match remains unchanged at 6.2 percent.



Employers and payroll companies will handle the withholding changes, so workers typically won't need to

take any additional action, such as filling out a new W-4 withholding form.

As always, however, the IRS urges workers to review their withholding every year and, if necessary, fill out a new W-4 and give it to their employer. For example, individuals and couples with multiple jobs, people who are having children, getting married, getting divorced or buying a home, and those who typically wind up with a balance due or large refund at the end of the year may want to consider submitting revised W-4 forms.

Employers are required to remind employees by December 1 of each year that they must complete a new W-4 if there has been a change in their filing status or withholding allowances.

If you have any questions regarding the change in social security withholding, give one of our payroll specialists a call, they will be glad to help you out.

Our Team of Payroll Specialists



Carla Post



Melissa Wendel

Payroll Services

Moorman, Harting & Co. offers a full line of payroll services. These include preparing payroll checks for employees, preparing weekly and monthly payroll tax deposits and the quarterly and semi-annual reporting requirements. This is designed to so that business owners and personnel have more time to devote to other business activities while complying with the ever-changing payroll tax requirements. If interested, please feel free to call our office.

Software News

Moorman, Harting & Co. has been proactively working with businesses that have already computerized their accounting systems. We are also working with other businesses to setup and provide assistance with computerizing their system. Because of our extensive knowledge with multiple software programs (like Quickbooks, Peachtree and Checkbook Solutions, to name a few), we are able to tailor the program to fit your business and industry needs. If you need any assistance or guidance, please feel free to call our office.

Thank You for the Referrals

During this past tax season, our firm received many referrals of your friends, relatives, and business colleagues from you. We want to express our gratitude and thank you for referrals. Rest assured, we treated and will continue to treat anyone that was referred to us with the utmost care and courtesy, because your respect and support means so much to our firm. Thanks again.

Ever wonder why they call it a Form 1040?

For every \$50 you earn, you get \$10, they get \$40.

MOORMAN, HARTING & CO.

Where YOU are more than just a client!



Our Team of Certified Public Accountants

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