

ARMAO, COSTA & RICCIARDI  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.



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**UPDATES**

Social Security Wage Base .....	\$ 106,800
Earnings limitation before reduction of Social Security Benefits:	
- Between age 62 and 65 .....	\$ 14,160
- Turn age 66 in 2010.....	\$ 37,680
- Over 66 .....	no limit
Standard mileage allowance .....	.50 Cents Per Mile

**DUE DATES**

	<u>Qtr Ended</u>	<u>Due Date</u>
Payroll taxes	3/31	4/30
	6/30	7/31
	9/30	10/31
	12/31	1/31
Sales tax	2/28	3/20
	5/31	6/20
	8/31	9/20
	11/30	12/20

**FEDERAL DEPOSITORY RULES**

- Daily depositor – your tax liability for any business day reaches \$100,000. Deposits are due the next business day.
- Quarterly depositor - your tax liability for the quarter is less than \$2,500. Deposits are due with Form 941.
- Monthly depositor - your tax liability must be less than \$50,000 for the year. Deposits are due the 15th of the following month.
- Semiweekly depositor - your tax liability is more than \$50,000 for the year.
- *Deposits are due follows:*

<b><u>Pay Day*</u></b>	<b><u>Deposit By</u></b>
Wed, Thurs, Fri.	Following Wednesday
Sat, Sun, Mon, Tues.	Following Friday

  - 940 tax is due the last day of the month following the quarter in which the liability reaches \$500.
  - Electronic deposits (EFTPS) are required if your total deposits of all taxes during a calendar year exceed \$200,000. You are required to use EFTPS beginning in the second succeeding calendar year.

\* Note that depository rules are based on PAY DATE, not period ended date.

**NEW YORK STATE DEPOSITORY RULES**

If the tax withheld is \$15,000 or more during the preceding year, your deposit is due within three business days of the pay date when your liability reaches \$700.

If the tax withheld is less than \$15,000 during the preceding year, your deposit is due within five business days of the pay date when your liability reaches \$700.

If you withhold less than \$700 a quarter, your tax liability can be paid with the filing of the quarterly return.

Taxpayers with an annual withholding tax liability of \$100,000 or more are required to participate in the PromptTax Withholding Tax Program. Program participants provide their return information and remit payments using an electronic funds transfer method, or they may file an actual return and remit payment with certified check.

**SALES TAX**

- Monthly filers - your taxable sales are \$300,000 or more in any quarter.
- Quarterly filers - your tax liability is more than \$250 during the year.
- Annual filers - your tax liability is \$250 or less during the year.

**COMMON GOVERNMENT PHONE NUMBERS**

The following phone numbers can assist you in clarifying a tax notice or obtaining basic information. Please be aware that the representatives must speak to an officer or the taxpayer. They will not speak to anyone else unless they have a power of attorney.

IRS taxpayer assistance for corporations.....	1-800-829-4933
IRS taxpayer assistance for individuals.....	1-800-829-1040
IRS employer identification # .....	1-800-829-4933
Fax .....	1-631-447-8960
NYS taxpayer assistance for corporations .....	1-800-972-1233
NYS taxpayer assistance for individuals .....	1-800-225-5829
NYC business customer assistance.....	1-212-504-4036

**LABOR RELATED ISSUES**

When hiring an employee, it is important to verify certain information. One step in checking the accuracy of these records is to verify the employee's social security number (SSN) with the Social Security Administration (SSA). To verify five or fewer SSN's call the SSA @ 1-800-772-6270 and have the following information available; Employee Name, SS#, Date of Birth, Sex. Fraudulent SS #'s can cause various problems for employers.

Employers must notify new employees of their compensation in writing.

- Employers must remit a copy of Form W-4 for newly hired employees to NYS within 20 days of hire via:
  - Fax @ 518-869-3318 or Mail to:
  - NYS Dept. of Taxation & Finance
  - New Hire Notification
  - PO Box 15119
  - Albany NY 12212-5119 or report online at:
  - www.nynewhire.com
- An employee receiving a W-2 can not also receive a 1099. An individual must be considered either an employee OR an independent contractor.
- Mandatory Insurance required For all employees:
  - NYS Disability
  - Worker's Compensation

Note: Minimum wage is \$7.25 an hour in NYS.

	<u>Annual Limit</u>	<u>Catch-Up if 50 &amp; Older</u>
SIMPLE Plans	\$11,500	\$2,500
401-K	\$16,500	\$5,500
IRA	\$5,000	\$1,000

**PENSION PLAN / IRA's**

Dollar Limit for Defined Benefit Plans.....	\$195,000
Dollar Limit for Defined Contribution Plans .....	\$49,000
Maximum Compensation Allowable for Benefits Purposes.....	\$245,000
Maximum Compensation to Determine Highly Compensated Status.....	\$110,000

Elective deferral contributions to SIMPLE and 401-K plans are exempt from income taxes but not social security and medicare.

**COMMON GOVERNMENT WEBSITES**

New York State .....	http://www.state.ny.us
IRS .....	http://www.irs.ustreas.gov
NYS Dept. of Labor .....	http://www.labor.state.ny.us
Social Security Admin .....	http://www.ssa.gov
New York City .....	http://www.nyc.gov

**CHECKLIST FOR FINANCIAL PLANNING**

- make sure your wills or trusts and health care proxies have been updated
- make sure your life and disability insurance is adequate
- consider Section 529 Education plans for children or grandchildren
- protect your assets by transferring them into trusts or limited partnerships
- plan for retirement
- consider refinancing your mortgage at a lower rate
- consider long-term care insurance

**SALES TAX ISSUES**

Sales must be reported on an accrual basis with exception to those selling building materials to contractors.

Contractors must pay sales tax on all purchases with the exception of the work being performed for a tax exempt organization. If the customer does not present a Capital Improvement Certificate, sales tax must be charged but a credit should be taken for sales tax paid on the purchases.

**GENERAL BUSINESS ISSUES**

Section 179 expense deduction for property placed in service in 2010 ..... \$134,000

Due dates for returns are due on "business" days. If the due date falls on a weekend or legal holiday, the next business day is considered the filing date.

**ESTATE AND GIFT TAX**

Annual gift tax exclusion .....	\$13,000
Applicable exclusion amount for gift purposes .....	\$1,000,000
Applicable exclusion amount for estates:	
2010 .....	Estate Tax Repealed

**MEDICARE PART B**

The premium you pay for Medicare Part B (Medical Insurance) will increase because of a change in the law. A new Medicare law requires some people to pay a higher premium for the Medicare coverage based on their income.

**MEDICARE PART D**

The annual coordinated election period to enroll in Medicare Part D is November 15- December 31 each year.