

Tax Time for Entities 2013

Blackburn, Childers & Steagall, PLC is requiring that all taxpayers answer the following questions before preparers begin work on their tax return. If you answer "yes" to questions 1 – 3 on this page, you also need to answer corresponding questions on the following pages.

1. Did your business make payments for attorney fees or providers of medical and/or health

	services?	Yes	_No
	Did your business make payments of \$600 to any single payee? If you answered "Yes" to either question, please also answer the questions on the insert related to 1099s	Yes	_No
2.	Are you claiming a deduction for business travel, entertainment or listed property? If you answered "Yes', please also answer the questions on the insert related to business travel	Yes	_No
3.	Are you claiming a deduction for charitable contributions If you answered "Yes", please also answer the questions on the insert related to charitable contributions	Yes	_No
4.	Did you have a financial interest in, or signature authority over any financial account having a value exceeding \$10,000 in a foreign country? Someone from BCS will contact you to determine further filing requirements	Yes	_No
5.	Did you pay at least 50% of the health insurance premiums for your employees? Someone from BCS will contact you to determine your eligibility for the Credit for Small Employer Health Insurance Premiums	Yes	_No
6.	Did you obtain a certification that any employee hired during the tax year was from a targeted group eligible for the work opportunity credit? Someone from BCS will contact you to determine your eligibility for the Work Opportunity Credit	Yes	_No
Client Name: Client Initials:		Date:	

Answering the Questions helps us prepare your return more efficiently

NEW 1099 QUESTIONS ON BUSINESS RETURNS

Generally, any trade or business that makes payments in the course of that trade or business of interest, rents, compensations, remuneration for services, annuities, etc. aggregating \$600 or more for the year to a single payee is required to report the payments to the IRS and to the recipient of the payments by filing Form 1099. This reporting requirement generally does not apply to payments to corporations. However, the 1099 reporting requirements do apply to payments made to corporations for attorneys' fees, and to amounts paid to corporations providing medical or health care services

The IRS now includes two questions concerning Form 1099 on all business returns, including Form 1040, Schedule C, Schedule F, and Schedule E as well as Forms 1065, 1120, and 1120-S. The questions are 1) "Did you make any payments in 2012 that would require you to file Form(s) 1099", and 2)"If 'Yes,' did you or will you file all required Forms 1099?" We must answer these two questions when we prepare your 2012 Form 1040 if the 1040 includes a Schedule C, Schedule F, or Schedule E. In addition, we must answer these questions when preparing a Form 1065, 1120, or 1120-S. Therefore, if you have a trade or business, please review the above requirements for filing Forms 1099 and provide us with answers to the following questions:

YES

NO

1. Did you make any payments in 2012 that would require you to file Form 1099?	
2. If "Yes", did you or will you file all required Form 1099s?	
Please call us if you have any questions concerning the Form 1099 filing requirements. In addition, if you have not filed all re 1099s, we will help you meet your filing responsibilities. However, unless you engage us to do so, we do not routinely file Forms 1 part of preparing your income tax returns.	-

DOCUMENTING BUSINESS TRAVEL, ENTERTAINMENT, GIFT AND LISTED PROPERTY EXPENSES

The law disallows an otherwise allowable deduction for any expense for traveling (including meals and lodging), entertainment, gifts, or "listed property" (e.g., passenger vehicles and computers [unless used exclusively at your place of business]), unless the expense is substantiated by adequate records or by sufficient evidence corroborating your own statements.

In addition, the regulations generally require you to maintain documentary evidence (such as receipts or paid bills) for 1) any lodging expenditure, and 2) any other expenditure of \$75 or more. For business travel, the documentation should include the amount, date, place, and business purposes of the travel. For business entertainment expenses, the documentation should include the amount, date, place, and business purpose of the entertainment as well as the business relationship of the person or persons entertained. For business gifts, the documentation should include the amount, date, description of gift, business purpose of gift, and business relationship of recipient of the gift. For listed property, the documentation should include the amount (e.g., cost), business or investment use based on mileage, etc., date of the expenditure, and business or investment purpose of the property.

Do you have the required documentation for any deductions claimed for	YES	NO	N/A
business travel, entertainment, gift or listed property expenses?			

DOCUMENTING CHARITABLE CONTRIBUTIONS

Charitable contributions of any amount are no longer deductible unless you have a proper receipt. There have been recent court cases where the courts have disallowed significant deductions for charitable contributions where the taxpayers did not have a proper receipt. Since a receipt is required **before** we are allowed to take a deduction for the contribution, please review the following documentation requirements and indicate whether or not you have the required documentation

<u>Contributions Made In Cash.</u> The law requires that you have a receipt, letter, or other written communication from the charity (showing the name of the charity, the date and the amount of the contribution) documenting all charitable contributions made in cash.

<u>Contributions Made By Check, Debit Card, or Charge Card.</u> For charitable contributions made by check, the law requires that you either have a receipt as outlined above for "contributions made in cash," a copy of the cancelled check, or some other bank record (e.g., a bank statement). For contributions made by debit card or by charge card, you are required to either have a receipt as outlined above for "contributions made in cash," or a bank record (e.g., a bank statement, credit card statement, etc.).

Contributions Of \$250 Or More. For all charitable contributions by individuals of \$250 or more (contributions of cash, by check, by debit or credit card, or of property), the law requires a receipt (written acknowledgement) from the charity to which you made the donation stating the date and amount of the contribution as well as a statement as to whether you received anything in return for your contribution. If you received goods or services in return for the contribution, the receipt must include a description and an estimate of the value of the goods or services received in return for the contribution. If the goods or services received consist solely of intangible religious benefits, the receipt must include a statement to that effect.

<u>Contributions Of Vehicles, Boats, Or Airplanes Of More Than \$500.</u> If you are claiming a deduction of more than \$500 for a vehicle, a boat, or an airplane you contributed to charity, the law requires that you obtain a **Form 1098-C** or other written acknowledgement containing the same information shown on Form 1098-C from the charity in order to deduct your contribution.

<u>Contributions Of Clothing Or Household Items.</u> Generally, a deduction is not allowed for a charitable contribution of clothing or household items unless the items are in **good used condition or better.** Household items generally include furniture, furnishings, electronics, appliances, linens, and other similar items.

	YES	NO	N/A
Do you have the above required documentation for charitable contributions?			