

Our monthly newsletter is included with your monthly invoice,  
as well as viewable on our newly updated web site [www.stephsbookkeeping.com](http://www.stephsbookkeeping.com)

### Tax Relief Act

Signed into law December 17<sup>th</sup>, 2010, the Tax Relief Act extends tax reductions to provide relief. One provision is for depreciation and IRC Section 179 expensing. Normally, you would depreciate 50% of an asset placed in service in 2010. This new provision allows you to depreciate 100% of the assets cost if purchased before January 1, 2012. Assets placed in service after Dec 31, 2011 and before Jan 1, 2013 will qualify for a bonus depreciation of 50%.

For 2010 and 2011, the IRS Section 179 limit was increased to \$500,000 with phase out threshold of \$2,000,000. In 2012 the limit will be reduced to \$125,000 with a threshold of \$500,000.

### New 1099 Laws

IRS form 1099 laws will be drastically changing in 2011. Beginning with payments made after December 31, 2011, all for-profit business transactions totaling \$600 or more will require a form 1099 to be filed. This is true for any type of business entity you purchase from, whether it's a small business or a large corporation; whether it's office supplies, cost of sales, or a fixed asset.

Previously, business owners were required to file 1099's for Sole-Proprietorships, LLC's or LP's, not S or C Corporations. This new law will be heavily monitored, and hefty fines are lined up for businesses that do not follow suit. For each supplier not properly reported, the fine is \$100 with a maximum of \$1,500,000.

Please visit the following websites for a comprehensive look on the new 1099 law changes:

- [http://www.quickconsult.biz/resources/36-general/52-radical-change-coming-to-1099-reporting#cite\\_note-1](http://www.quickconsult.biz/resources/36-general/52-radical-change-coming-to-1099-reporting#cite_note-1)
- <http://www.ustaxaidservices.com/usataxaid-blog/big-1099-changes-in-2011-for-business-owners-and-rental-property-owners/>

### EFTPS – Electronic Filing of Your Payroll Taxes

As of January 1<sup>st</sup>, 2011 you will be required to pay all federal **and** Oregon payroll taxes online through the EFTPS system. We have set up many of our clients through this payment method, and it is much easier to use. Those of you that hand deliver payroll tax payments to your bank will no longer be able to. We are setting up all of our clients to be paid online, if you are currently paying through your bank, please contact us. We will need a voided check to process the online setup.

### A Note to S-Corporations

At Steph's Bookkeeping, we make a big effort to inform our clients about any opportunities to minimize their chances for an audit, and complications during an audit.

The IRS is cracking down on S-Corps. One main area of concern is:

- Officers and Payroll – If your business is an S-Corp, you **must** have all **active** officers on payroll, no exceptions
- Subcontractor vs. Employee - You must be sure that all subcontractors have proper licensing and insurance before payment, and fill out form W-9. If the subcontractor is not licensed, they must be an employee and paid through payroll.

If you are unsure if an individual is a sub or employee, please contact Steph and we can help you.

A full definition of the law is available at [http://www.oregon.gov/IC/docs/670\\_600new.pdf?ga=t](http://www.oregon.gov/IC/docs/670_600new.pdf?ga=t).

### Personal Property Tax (PPT)

Business Personal Property Tax returns are due March 1<sup>st</sup>. You will be receiving a blank return in the mail soon, if you haven't already received it.

You must audit business property purchased and disposed of in 2010 that is valued at more than the exempt amount. Taxable property includes machinery, equipment and furniture. Non-taxable assets include intangibles, software, inventory, and licensed vehicles (already taxed by licensing).

Personal Property Tax returns can be filled out yourself, or we can assist you with the return. Returns must be sent in by March 1st. Please contact us if you have any questions.

### Featured Business:

#### Lisa T. Hunt

Appellate Law - Civil Litigation -  
Litigation Support Services

After maintaining a solo practice following law school, attorney Lisa T. Hunt clerked for three years at the Oregon Supreme Court with Justice R. William Riggs and with Justice Martha L. Walters. Ms. Hunt joined the law firm of Landye Bennett Blumstein, LLP, in June 2007 as their appellate attorney and in their litigation department before opening her own practice in May 2010.

Lisa's office is located at 1618 SW First Avenue Suite 350, Portland, Oregon 97201. You can contact her by phone (503)517-0851, e-mail: <mailto:lthunt@lthuntlaw.com> or visit [lthuntlaw.com](http://lthuntlaw.com) for more information

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