

Steph's Bookkeeping Service, Inc



Monthly News

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Our monthly newsletter is included with your monthly invoice,
as well as viewable on our newly updated web site www.stepsbookkeeping.com

New 1099 Laws

IRS form 1099 laws will be drastically changing in 2011. Beginning with payments made after January 1, 2011, all 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.

There is a way around the paperwork though. The IRS is implementing a new system through Debit/Credit Card processing systems. The 3rd party Network Information reporting system tracks transactions and reports them as an electronic 1099. To save yourself time from tracking down every vendors tax ID numbers, simply pay for transactions over \$600 with plastic.

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.ustaxaidservices.com/usataxi-d-blog/big-1099-changes-in-2011-for-business-owners-and-rental-property-owners/>

1099 Vendor Information

We will soon be preparing end of the year forms including 1099's for eligible vendors. If your company has used vendors that qualify for a 1099, please be sure that you have a form W-9 on file for them. These can be found on the IRS

website as a PDF or by searching for form W-9 in your web browser.

EFTPS – Electronic Filing of Your Payroll Taxes

As of January 1st, 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.

Energy Efficient Windows

As the cold winter months hit, we become more aware of the disadvantages of our homes. One easy and potentially money saving improvement is energy efficient windows. We found a great website that helps you choose the type of windows that would benefit you. Please visit efficientwindows.org for more details and tax credits.

Featured Business:

REGAL GENERAL CONTRACTING, INC.

Regal General Contracting, Inc. (dba A-Classic Color) is a licensed, bonded and insured full service drywall and painting contractor. They offer topnotch customer service and dependability. Your complete satisfaction is our #1 priority, as it always has been since 1993. From drywall to paint to finished millwork, you will experience a superior finished project within your time constraints.

Please visit www.regaldrywall.com, email regalgeneral134@yahoo.com or call (503) 819-7272 for more information.

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