



S. C. PRESLEY & CO., INC.

Accounting and Tax Services - Business Consulting - Tax Planning - Financial Services - Since 1987

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UPDATED DUE DATES FOR PAYROLL AND 1099 FILINGS

Dear client,

In prior years, the deadline to furnish your W-2 and 1099-series forms to recipients was January 31 and deadline to electronically file them was March 31. However, starting with 2016's forms, the deadline for electronically filing the W-2 and some of these most commonly used 1099 series forms has moved up to **January 31, 2017**. Our staff is fully trained and ready to take on this new deadline schedule. However, we ask for your assistance in obtaining necessary information prior to year-end 2016 in order to make this possible.

Please provide us the following information ASAP but no later than December 31, 2016:

- ✓ **Correctly spelled legal names.**
 - See forms W-4 and/or I-9 from your employee records.
 - See form W-9 from your Independent Contractor records.
- ✓ **Correct tax identification numbers:**
 - For employees: Social Security Number. See forms W-4 and/or I-9 from your employee records.
 - For independent contractors: Either Social Security Number or EIN. See form W-9.
- ✓ **Updated address of recipients,**
 - This may have changed from the time you first obtained information so double-check to make sure address you have is still accurate. Make sure you notify us if it subsequently changes before January 31, 2017.
- ✓ **Amounts**
 - For Employees, make sure your payroll records are accurate and up to date for year. Please contact us ASAP if you have any questions such as how to treat bonuses.
 - For Independent Contractors we need total amount you paid the individual/business during the calendar year 2016. Contact us ASAP if you need help assembling this information so that we can begin helping you with it prior to January 2017.

As a reminder, there *are* penalties for wrong information and failing to file these returns. You as the employer are, by law, responsible for complete and accurate returns even if a third party is used so please be thorough and address any questions you may have.

You may read more about the rules and potential penalties on page 2 of this notice.

Please contact us if we can be of further assistance. We look forward to helping you this upcoming tax season.

Best Regards,

Sylvia C. Presley

Sylvia C. Presley, EA, CFP, ATA
S.C. Presley & Co., Inc.

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the Internal Revenue Service"*

Enrolled Agent
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Specific Instructions for 1099

File Form 1099-MISC, Miscellaneous Income, for each person to whom you have paid during the year: At least \$10 in royalties or broker payments in lieu of dividends or tax-exempt interest; At least \$600 in: rents, services performed by someone who is not your employee (including parts and materials), prizes and awards; other income payments; medical and health care payments; crop insurance proceeds; cash payments for fish (or other aquatic life) you purchase from anyone engaged in the trade or business of catching fish; generally, the cash paid from a notional principal contract to an individual, partnership, or estate; Payments to an attorney. See Payments to attorneys, later; or Any fishing boat proceeds. In addition, use Form 1099-MISC to report that you made direct sales of at least \$5,000 of consumer products to a buyer for resale anywhere other than a permanent retail establishment. You must also file Form 1099-MISC for each person from whom you have withheld any federal income tax under the backup withholding rules regardless of the amount of the payment. Be sure to report each payment in the proper box because the IRS uses this information to determine whether the recipient has properly reported the payment.

Source: IRS Instructions for Form 1099-MISC Dec 30, 2015

Specific Instructions for W-2

The following penalties apply to the person or employer required to file Form W-2: Fail to file timely, Fail to include all information required to be shown on Form W-2, Include incorrect information on Form W-2, File on paper forms when you are required to e-file, Report an incorrect TIN, Fail to report a TIN, or Fail to file paper Forms W-2 that are machine-readable.

Source: IRS General Instructions for Forms W-2 and W-3 Jan 05, 2016

PENALTIES

Penalties are adjusted every year and there are other factors to consider. However, in summary, you may review penalty amounts for 2016 listed below:

Small Businesses with Gross Receipts \$5 Million or Less

| Time returns filed/furnished | Returns due 01-01-2011 thru 12-31-2015 | Returns due 01-01-16 thru 12-31-2016 | Returns due 01-01-17 thru 12-31-2017 |
|---|---|---|---|
| Not more than 30 days late (by March 30 if the due date is February 28) | \$30 per return/ \$75,000 maximum | \$50 per return/ \$185,000* maximum | \$50 per return/ \$186,000* maximum |
| 31 days late – August 1 | \$60 per return/ \$200,000 maximum | \$100 per return/ \$529,500* maximum | \$100 per return/ \$532,000* maximum |
| After August 1 or Not At All | \$100 per return/ \$500,000 maximum | \$260* per return/ \$1,059,500* maximum | \$260 per return/ \$1,064,000* maximum |
| Intentional Disregard | \$250 per return/ No limitation | \$520* per return/ No limitation | \$530* per return/ No limitation |

Source: IRS "Increase in Information Return Penalties: Page Last Reviewed or Updated: 15-Jan-2016"

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