



**Small Business Group, Inc.**  
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4/17

- Last day to make 2011 IRA contributions
- Individual Income Tax Return (1040) or Individual Application for Automatic Extension (4868) due
- Partnership (1065) & Trusts (1041) due
- 1st Qtr Estimated tax - 1040ES
- Payroll tax deposit due if liability is over \$2500

4/20

- SBG Office Closed
- Sales tax reports due

4/30

- Payroll Tax Returns (941 & UCT-6) due.
- Federal Unemployment Deposit due if liability over \$500

• **Annual Report due on or before 5/1 to avoid a \$400 penalty**

**OFFICE HOURS:**  
**Monday - Friday**  
**8 am to 5 pm**  
(January thru April)

**Semi-Weekly 941 Deposit Due Dates**

Payroll Check Date:	Deposit is Due on:
Apr 1-3	Apr 6
Apr 4-6	Apr 11
Apr 7-10	Apr 13
Apr 11-13	Apr 19
Apr 14-17	Apr 20
Apr 18-20	Apr 25
Apr 21-24	Apr 27
Apr 25-27	May 2
Apr 28-May 1	May 4



## 1ST QUARTER PAYROLL

Your first quarter “payroll worksheets” will be emailed to you from Small Business Group (mailed for those who do not use email). QuickBooks users will receive our quarterly payroll letter requesting your updated files. For your convenience, simply upload your file to the SBG Portal. Contact Kewanna if you need assistance using the SBG Portal. If you prefer, you can bring or mail us your USB stick. Don’t forget to send us your preprinted UCT-6 when you send in your payroll, if possible. **NOTE: We will need your UCT-6 rate for 2012.** If you haven’t sent it already, please do so in order for your payroll to be processed on time.

**Remember: Payrolls are processed on a first-in, first-out basis. Payrolls received after April 20th may not be completed by the payroll filing deadline of April 30th. Payrolls with missing information will not be processed until all information is received.**

**When sending us your QuickBooks file, please send us a backup or a portable company file reconciled through 3/31/12. Please do not use the Accountant’s Transfer Copy.** If you have any trouble or have additional questions, contact Kewanna at 731-2221.

## The payroll tax party isn’t over ...



It’s time to party like it’s 2011.

**Alert:** The new Middle Class Tax Relief and Job Creation Act of 2012, signed by the president on Feb. 22, 2012, extends the “payroll tax holiday” for the remainder of the year. Without this new legislation, the holiday would have ended with a thud on March 1.

The new law also repeals a recapture provision that would have applied to high income wage-earners.

*Here’s the whole story:* Under the rules that normally apply, both employees and employers must pay a 6.2% Social Security tax on wages up to an annual ceiling. The ceiling for 2012 is \$110,100 (up from \$106,800 for 2011). Both employees and employers must also pay the 1.45% Medicare on all wages (there is no wage ceiling on this tax).

But the 2010 Tax Relief Act provided a reprieve for employees in 2011, and 2011 only, by reducing the usual 6.2% Social Security tax rate by 2% to 4.2%. Self-employed individuals were entitled to a comparable tax break.

Enacted late last year, the Temporary Payroll Tax Cut Continuation Act of 2011 extended the 2% Social Security tax rate reduction for two months before Congress adjourned. Now, after weeks of political sparring, an extension of the 2% reduction has been approved through the end of the year.

The 2011 temporary law also included a recapture provision for employees who receive more than \$18,350 in wages in the first two months of 2012 (based on the \$110,100 wage basis). The new law repeals this provision because it’s no longer necessary.

**Tip:** Talk about a further extension of the payroll tax holiday will likely resurface after Election Day.



## Hiring your child for the summer creates a bundle of tax breaks

Does your child in high school or college need a job for the summer? Could your business use some help in the office or warehouse? There's a way to kill two birds with one stone.

**Strategy:** Hire your child to work for your company while school's out. It solves the child's job search problem at the same time the family collects a bundle of tax breaks.

Remember that your child is generally treated like any other employee, so he or she can usually cash in on the same fringe benefits as the other workers. In addition, the compensation paid to the child is fully deductible by your company. What's more, you can slash your overall tax bill through family income splitting.

**Example:** You pay your 18-year-old child \$5,000 in salary this summer that otherwise would have been included in your taxable compensation. Since the standard deduction for 2012 is \$5,950, your child pays no income tax if he or she has no more than \$950 of other earnings. Assuming you're in the 33% tax bracket, the family saves \$1,650 in tax (33% of \$5,000).

What's more, your family saves even more tax overall if your child's income exceeds the standard deduction amount. *Reason:* Every dollar paid to your child instead of you is taxed at a lower tax rate.

### 4 Tax Perks in the Works

What other tax benefits are available for hiring a child? Consider these four potential tax breaks.

**1. Insurance plans:** You can provide health insurance coverage for your child under a group plan. The health insurance protection is 100% tax free. In addition, the first \$50,000 of group term life insurance coverage paid on behalf of your child is tax free. With both types of insurance plans, the premiums paid by your business are deductible.

**2. Company retirement plans:** Your child is eligible to participate in your 401(k) or other qualified retirement plan.

**3. IRAs:** Now that your child has earnings from a job, he or she can sock away up to \$5,000 in a traditional IRA or a Roth IRA for 2012. Since your child's income is low, the contributions to a traditional IRA are deductible on his or her personal return.

**4. FICA and FUTA:** If a child under age 18 is employed by a parent's sole proprietorship or by the parents' husband-wife partnership, the child's wages are exempt from the Social Security and Medicare taxes. Another exemption applies to FUTA tax up until the age of 21. These payroll tax breaks can represent significant tax savings for a parent who is self-employed.

**Tip:** Make sure your child is an official employee.

*Small Business Tax Strategies — April 2012*

## GROW our Business

HELDUS

### Do you KNOW an Entrepreneur?

Refer them to Small Business Group & they will receive a one-on-one consultation...

**FREE!**

If they sign up with SBG, YOU could receive a credit on next year's client engagement.

Contact SBG at 731-2221



Internal Revenue Service  
United States Department of the Treasury

### To Check On Your Refund...

If you have waited more than three weeks for your refund, you can visit the IRS website at [www.irs.gov](http://www.irs.gov) or call the IRS at 1-800-829-4477 to check on your refund. You will need to have a copy of your tax return handy when you call or visit the website.



### No one is above the law

A new decision shows that even a tax expert can be derailed by the technicalities.

**Facts:** A former IRS agent started his own accounting practice, preparing approximately 200 tax returns per year. The accountant has two daughters, ages 20 and 17, in 2007. Both daughters provided administrative assistance to the practice.

But the business didn't issue either daughter a Form W-2, Wage and Tax Statement, or a Form 1099-MISC, Miscellaneous Income, to report the wages. Instead, the accountant claimed that he paid the children's credit card bills, although he did not provide any proof of those payments. Result: The Tax Court denied the deduction for wages. (Bulas, TC Memo 2011-201)

Moral of the story: Don't ignore the usual requirements just because an employee is your child.