



SPECIAL POINTS OF INTEREST:

- Are you affected by the new reporting requirements?
- More recession evasion tips.
- Some credits and deductions have been extended for the coming tax year.
- Funny thoughts to ponder

INSIDE THIS ISSUE:

No Relief for 1099 Burden on Small Business	1
How to Get Rich During the Recession—Part 3	1
Looking for Someone You Can Rely On?	2
Congress Grants Temporary Tax Cuts	3
What You May Not Know About QuickBooks®	4

Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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FEBRUARY 2011

No Relief for 1099 Burden on Small Business Information Reporting Requirement Has Been Expanded to Landlords

Ever since the Health Care Reform bills became the law of the land in March 2010 various politicians have stood and decried the burden placed on small businesses with the change in information reporting requirements. Promises were made and repeated that it would not stand, that this burden on small businesses would be repealed. But they have been nothing more than a noisy gong or clanging cymbal.

Hidden deep inside the massive 2,409 page health care reform bill are a few lines which will unleash a flurry of paperwork on unsus-

pecting businesses. The new law makes key changes in 1099 requirements. First, it expands the scope from only services to include all tangible goods and second, it requires that businesses issue 1099s not just to individuals but also to corporations. Beginning in 2012 companies will have to issue 1099 forms not just to contract workers but to any individual or corporation from which they buy \$600 or more in goods or services in a tax year.

Businesses will have to issue billions of new

Continued on page 2

How to Get Rich During The Recession—Part 3 *By Bill Glazer*

The bottom line is: ...The time to prepare and start building a reliable income stream that will not be affected by the bad economy is right now. The way to do that is by paying close attention to the rest of this article and taking action IMMEDIATELY.

So, let's get started with...

Talking Dogs!

Get this... Hungarian scientists are working on computer software that analyzes dog barks so people can better recognize their emotions.

It's true.

And get this... the researchers tested the software in 6 situations: when the dog is alone, when it sees a ball, it fights, it plays, in encounters a stranger or it goes for a walk.

But here's the best part: The computer correctly recognized the emotional reaction of the dogs based on their barks and yelps in 43 percent of the cases. People had judged correctly in 40 percent of cases. Scientists said the software could be improved.

Why is this important to you?

Because it reminded me of the most important factor that separates rich, successful Business Owners from poor, struggling ones...

Continued on page 3

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified business people in the community.

Looking for someone you can rely on?

Below, you'll find a list of areas in which we know very credible, ethical and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- ☞ Classified Advertising Specialist
- ☞ Residential Organizer
- ☞ Auto/Home/Life Insurance
- ☞ Window Treatment Specialist
- ☞ Advertising Specialties
- ☞ Land Surveyor
- ☞ Veterinarian
- ☞ Welding Supplies
- ☞ Bathroom Remodeler
- ☞ Attorney
- ☞ Medicare Advantage Plan Consultant
- ☞ Home Insulation
- ☞ Financial Advisor
- ☞ Security Consultant
- ☞ Used Auto Dealer
- ☞ Real Estate Stager
- ☞ Chiropractor
- ☞ Massage Therapist



No Relief for 1099 Burden on Small Business—continued from page 1

tax documents each year.

Now, under a law titled the "Small Business Jobs Act of 2010," the requirement to file Forms 1099 for vendors paid \$600 or more during the year has been expanded to include landlords.

Yes, if you have one rental property, the same reporting requirements now apply to YOU!

If, over the course of a calendar year you pay any individual or enterprise (other than a government) \$600 or more for advertising, management, repairs, utilities, etc. you will be required to report the payments on Forms 1099 (typically Form 1099-MISC).

Are you ready? Beginning now you need to start systematically capturing the names, addresses and federal employer identification numbers (FEIN) of everyone you do business with as a result of being in the business of renting real estate. You'll need to issue 1099s this time next year – yes, 2012!

You'll also need a system in place to be able to tabulate the total paid to each vendor. This is not something you can just ignore and hope it will go away. Ignoring the requirements could lead to disaster. Businesses or individuals which fail to file information returns or file incomplete returns could be subject to a \$50 penalty for each required return. For an intentional disregard of the requirement, the penalty could increase to \$100 per return or more.

Why are *they* doing this? Won't it get repealed? Aren't



they going to repeal the whole thing anyway?

Yesterday, Democrat Nancy Pelosi handed over the gavel as Speaker of the House to Republican John Boehner and one of his first promises was to introduce legislation to repeal "Obama Care." I'm not a political expert, but it seems likely to me that even if such a bill passes in the Republican controlled House it will be DOA in the Senate. So no, I don't think *they* are going to be able to repeal the whole

thing.

The IRS estimates that more than \$345 billion is lost in unreported tax revenue each year. Using 1099s to document millions of transactions that now go untracked is one way they believe they can close the tax gap. Why? Because the study also pointed out something rather significant: Wages on an individual's tax return are under reported 1 percent. Business income however, and this is a combination of under reporting income and over reporting expenses, is understated a whopping 67 percent! Not only has the provision NOT been repealed, it's been EXPANDED!

Certainly, increased record keeping could weigh heavily on small businesses and landlords. At a minimum, a significant amount of time and training is going to be required to gather, sort and input the data needed for every vendor. Even the smallest of businesses will require software to help them maintain good records.

It might be helpful to think of the new reporting requirements as similar to payroll. In a sense, America is going on a payroll style reporting system beginning in 2012. ☼

How to Get Rich During The Recession—*continued from page 1*

By Bill Glazer

What They Spend Their Time On

Listen. It seems ludicrous to me that scientists are spending all that time and effort analyzing dog barks. When they could be spending it on other things that are obviously more important.

At least to me anyway...

Point is: Almost everything you do in life is variable... except time. You only have "X" amount of time and there is NOTHING you can do to get even one measly second back once it is gone.

That's why the most important factor to your success (or failure) lies in choosing the right ways to spend the time that you have.

That's why spending your time to attract the right type of clients (not customers) will be the biggest secret to your success. Too many members I talk to are spending their time doing work that is only worth \$20 an hour. Every hour you spend doing \$20 an hour work – you lost what you could have earned doing something else. Like taking this time and strategizing on how to attract the right clients.

Who are these "right" clients and where can you find them?

To explain allow me to tell you about...

The Best And Most Expensive Hotel In The World!

To be continued...

Reprinted from "The No B.S. Not So Daily E-zine." Bill Glazer, one of the most celebrated Marketing Gurus in the world, who along with the legendary Dan Kennedy have teamed up to provide advice to over 130,000 entrepreneurs worldwide in every possible industry and profession. Bill is a professional speaker, marketing consultant and coach, and a much sought-after copywriter. His book, "OUTRAGEOUS Advertising That's OUTRAGEOUSLY Successful," made four bestseller lists shortly after it's release in 2009.

CONGRESS GRANTS TEMPORARY TAX CUTS

AVERAGE TAXPAYER TO RECEIVE SAVINGS OF \$ 1,890 IN TAX REDUCTIONS

To my surprise, Congress actually acted during the 2010 lame duck session granting tax relief to all Americans. Unless you've had your head buried in the sand for the last year, you know that the so called Bush-era tax cuts were set to expire on December 31, 2010 after ten years, but it didn't become a priority until it became urgent.

The 2010 Tax Relief Act extends all personal income tax rates at the 2010 levels for two years, through December 31, 2012. All the brackets and the capital gains/dividend rates remain the same. The Act extends the repeal of itemized deduction limits and the repeal of the personal exemption phase-out. Both affected higher-income taxpayers.

Also temporarily extended through 2012 are:

- Marriage penalty relief
- The child tax credit
- The earned income credit
- American Opportunity Tax Credit
- State and local sales tax deduction



- Higher education tuition deduction
- Teacher's classroom expense deduction
- Charitable contribution of IRA proceeds

Note: *The issue has not gone away. It's only been postponed until the 2012 election cycle. President Obama has pledged to make the sunset of the two highest brackets an issue in the 2012 presidential campaign.*

In addition to the extension of the reduced individual income tax rates, the most immediate impact of the new law, for most individuals, will be the payroll tax cut. The employee's share of Social Security taxes will be reduced by 2 percent from 6.2 percent to 4.2 percent for wages earned in calendar year 2011 up to the taxable wage base of \$106,800. Self employed individuals would pay 10.4 percent on self-employment income up to the threshold.

Note: *The new payroll tax holiday is estimated to inject \$110 billion into the economy in 2011. Individuals who do not pay into Social Security, for example, some public employees, will not benefit from the payroll tax cut. ☼*

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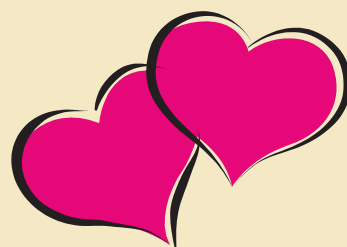
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*Happy Valentine's Day!
We L♥VE our clients!*



How to Have Your Best Year Ever

Is it really possible to influence your income? Is it really possible there are secrets to success that only "they" know? Yes, it's possible.

It's only 3 weeks into the New Year and already some people I talk to are sinking back into the doldrums. Now I don't believe we have complete control over our lot in life. If 2010 wasn't a banner year for you, it may not be your fault, what with the economy in shambles, skyrocketing unemployment and that damn BP oil spill in the Gulf. But, after resolving to make 2011 a better year, don't forget that doing the same thing as last year is not going to bring different results. Remember the old AA definition of insanity: "Repeating the same action over and over again, hoping to achieve different results."

What we need is a new game plan, right? There are 10 days until kickoff. On Friday, February 11, 2011 we will team up with our very first Business Building Lunch and Learn. From noon to 1:00 pm we'll delve into **How to Have Your Best Year Ever**.

You may be thinking, "I'm too busy and I don't have time to spend away from the office learning more "stuff." Besides, I'm too busy trying to stay afloat as it is..."

Of course you're too busy to develop new strategies and so are your competitors. Which is exactly why you must do it. Doing so will give you a competitive edge and could very well be what sets you apart from the crowd.

I don't blame you for instantly coming up with reasons for not coming. You are, after all, very busy. You probably already think you're a very smart, savvy business professional. But here is the **cold hard truth...**

What You May Not Know About QuickBooks®

QuickBooks® offers 1000, 2-page PDFs storage, free off-site

Add more space if you need it.

With QuickBooks® 2010, you receive a free 100MB (about 1000 2-page PDFs) as long as this version is supported. You can purchase more space by choosing a monthly subscription plan:

- Free: 100MB or about 1000 2-page PDFs included with QuickBooks® 2010
- Basic: \$4.95/month includes 500MB or 5000 PDFs
- Plus: \$14.95/month includes 1GB or 10,000 PDFs
- Premium: \$29.95/month includes 5GB or 50,000

Unless you are completely satisfied and happy with the trends you see in your business, your present sales and income, your ability to get new customers...**YOU MUST DO SOMETHING DIFFERENT** in order to get different results!

And the emphasis is on YOU and DIFFERENT.

The Business Building Lunch and Learn mini-workshops will kickoff February 11, 2011 at noon. Lunch will be provided and seating is limited, so reservations are required. If you're willing to risk a little bit of your time to work on and execute a new game plan, I guarantee you can Have Your Best Year Ever.

To make your reservation, email your request to zevalindsey@comcast.net, call 633-4070 or fax it to 633-4071.