

THIS MONTH:

- ◆ 2nd Quarter Due Dates
- ◆ New ERP Look-Up Tool
- ◆ Qualified Non-Personal Use Vehicles
- ◆ Self-Employed Health Insurance
- ◆ Tenant-in-Common Rental Properties

2nd Quarter 2010 Due Dates

April 15:

- *Individuals:* 2009 Form 1040 due, or file Form 4868 for automatic 6-month extension. Last day to contribute to an IRA and ESA for 2009. First installment of 2010 estimated tax due. 2009 Form 709, *US Gift Tax Return*, due if more than \$13,000 was gifted to any individual other than a spouse or charity in 2010.
- *Partnerships:* 2009 Form 1065 due, or file Form 7004 for automatic 5-month extension.
- *Calendar-Year C Corporations:* First installment of 2010 estimated tax due.

April 30:

- *Employers:* File Form 941 for 1st quarter 2010.

May 17:

- *Partnerships & S Corporations:* Form 8752 due for those using a fiscal year under a Section 444 election.

June 15:

- *Individuals:* Second installment of 2010 estimated tax due for individuals. 2009 Form 1040 due for U.S. citizens or resident aliens living and working (or on active military duty) outside the U.S. and Puerto Rico, or file Form 4868 for 6-month extension.
- *Calendar-Year C Corporations:* Second installment of 2010 estimated tax due.

New ERP Look-Up Tool

The IRS recently developed the “Did I Receive an Economic Recovery Payment?” look-up tool which gives taxpayers an easy way to determine if they received the one-time ERP payment and which agency made the payment. Beginning March 8, 2010, taxpayers can call 866-234-2942 to access the phone application. The Web application will be available in late March on IRS.gov.



Taxpayers must report whether or not they received an ERP and the amount when they prepare their Schedule M, *Making Work Pay and Government Retiree Credits*.

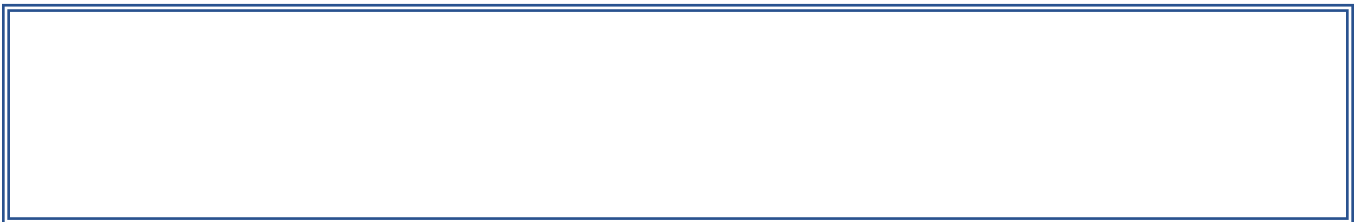
The one time \$250 ERP was paid to individuals in the following categories:

- Retirees, disabled individuals and Supplemental Security Income (SSI) recipients receiving benefits from the Social Security Administration,
- Disabled veterans receiving benefits from the U.S. Department of Veterans Affairs, and
- Railroad Retirement beneficiaries.

Using the IRS look-up tool taxpayers will have to enter three pieces of information to determine if they received an ERP:

- SSN
- Date of birth
- Zip code from the last filed return

A separate telephone call or Web inquiry must be made for each taxpayer, even if filing a joint tax return.



Qualified Non-Personal Use Vehicles

Annual depreciation limits apply to autos and trucks, but some special vehicles are exempt such as qualified non-personal use vehicles, which by their nature are not likely to be used more than a minimal amount for personal purposes. If your truck or van has been specially modified in ways that limit personal use – by the installation of permanent shelving, for example – annual limits will not apply. Delivery trucks with seating only for the driver, or only for the driver plus a folding jump seat are also qualified non-personal use vehicles.

Self-Employed Health Insurance



If you're a sole proprietor, S corporation and partnership for tax filing purposes, you may be able to deduct your health insurance premiums on the front of Form 1040. The benefit is that you lower your adjusted gross income, potentially making it easier to qualify for a number of tax benefits that are phased out at higher income levels, and do not lose the deduction if you do not itemize. If you're a more than 2%-shareholder in an S corporation, the S corporation must pay the premiums directly or reimburse you for the premiums, and the premiums must be reported as income on your W-2.

Regardless of the type of business, if you were also eligible to participate in any subsidized health plan for any month or part of a month, amounts paid for health coverage for that month don't qualify. For example: your spouse worked for XYZ Inc. for the first six months of 2009 and was eligible to participate in the company's family plan by paying a reduced \$60 per month. You were self-employed for the whole year and paid \$12,000 for a policy to cover the both of you for the entire year. Only payments during the last six months of 2009 qualify.

Rental Property Held as Tenant-In-Common

You don't have to form a corporation, partnership or other entity to own a rental property with a friend, relative, or business associate. You can own the property as tenants-in-common. And interests don't have to be on a 50-50 (or other amount based on solely on the number of tenants) basis.

For example, Sandy can put up 70% of the capital and Jack 30%. If that's the case, Sandy is entitled to 70% of the income and is responsible for 70% of the expenses. And that's how each should report the income and expenses on their respective tax returns. If Sandy doesn't pay her full 70% share of the expenses, the additional amount paid by Jack is considered a loan to Sandy. Jack can't deduct the amount he paid for Sandy. Talk to your attorney about the best way to handle the agreement. In most cases the split should be spelled out in the deed. You may want to have a side agreement as to the responsibilities of each tenant.

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PADGETT BUSINESS SERVICES® is dedicated to meeting the tax, government compliance, profit & financial reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business planning concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter.

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