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2012 TAX PLANNER

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# 2012 YEAR END *tax planner*

Dear Clients and Friends,

As the end of 2011 approaches, now is a good time to start year-end tax planning to minimize your individual and business tax burden. Generally, year-end tax planning involves considering at least two years – in this instance, 2011 and 2012. With tax changes on the horizon, you should consider the likelihood of future changes. Tax planning is a dynamic process and is best accomplished with forethought and assistance from your tax adviser.

Please call 863-676-7981 as soon as convenient after January 1, 2012, and arrange for an appointment to complete your 2011 income tax return. If you find it more convenient to drop your tax information by our office, please do so as soon as all required data has been gathered.

We request that you make every effort to submit your information before March 20th to avoid the need for an extension. If you are missing only an item or two, please send what you have when it is assembled and submit the missing information as soon as you receive it.

*Warmest Regards,*  
Bunting, Tripp & Ingley, LLP



*Roger Ingley*  
Managing Partner

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Dear Clients and Friends,

As the end of 2011 approaches, now is a good time to start year-end tax planning to minimize your individual and business tax burden. Generally, year-end tax planning involves considering at least two years – in this instance, 2011 and 2012. With tax changes on the horizon, you should consider the likelihood of future changes. Tax planning is a dynamic process and is best accomplished with forethought and assistance from your tax adviser.

Before going into more specific, detailed planning tips, here are two basic principles that can help guide your overall thinking:

- If you expect your tax rate will be higher in 2012, you may benefit from accelerating income into 2011 and deferring deductions into 2012.
- If you think your tax rate might be lower next year or will be unchanged, consider deferring income to 2012 and accelerating deductions into 2011.

Remember, the focus is on *your* marginal tax rate. That is the highest rate at which your last, or marginal, dollar of income will be taxed. Even though overall tax rates may rise in the future, if your income will be substantially lower in 2012 than in 2011, your marginal tax rate may decrease because of our graduated tax bracket system.

In drafting this letter, we have focused on tax planning opportunities that involve actions you can take during the remainder of 2011. **This letter does not include every tax planning opportunity that may be available to you, and it is advised that tax projections confirm planning strategies.**

## Personal Tax Strategies

### Moving income or deductions between tax years

**Compensation and billing** – If your employer is willing, compensation you earn in 2011 can sometimes be paid to you in early 2012. Your employer may be entitled to the tax deduction in 2011. If your business operates on the cash method, you can delay (within reason) sending out bills for 2011 work until late in the year, so payment comes in 2012. Alternatively, you can offer a discount to a client who prepays if you are trying to increase 2011 income.

### Capital gains and losses –

- Long-term capital gains from the sales of assets with a holding period greater than one year are taxed at 15 percent.
- Short-term capital gains are taxed as high as 35 percent.
- Sales at a loss can reduce other capital gains.
- Excess capital losses can be deducted to offset up to \$3,000 of other income, with the balance carried forward. When selling to recognize a loss, be careful of the wash-sale rules.
- Consider any capital loss carry-forward that may be available to you in 2011.



### **Installment sales –**

- Selling an asset at a gain and collecting the proceeds in future years may allow you to defer part of the income until the years in which you receive the payments. Consider the fact that you will be financing the sale yourself and may face the risk of collection problems.
- Consider the possibility that capital gains tax rates could be higher in future years when you collect the payments because those gains are taxed at the rates in effect the year the gains are recognized. You may wish to elect out of the installment sale method in the year of sale to lock in the 15 percent rate.

**Credit card payments** – Paying tax-deductible expenditures – including charitable contributions – with a credit card secures the deduction, even if you do not actually pay the credit card company until the following year.

**Suspended passive activity losses** – If you own a passive activity with a suspended loss, and you do not have sufficient passive income in 2011 to allow you to deduct the suspended loss, consider disposing of the activity before Dec. 31.

### **Other year-end strategies for individuals**

**Charitable contributions from IRAs** – The provision for making charitable contributions from an IRA is set to expire on Dec. 31, 2011. If you are age 70½ or older, you can have charitable contributions made directly to a charity by your IRA custodian:

- There is no deduction for the contribution.
- The distribution is not included in your taxable income.
- The contribution is limited to \$100,000.
- The contribution to the charity counts toward required minimum distributions.

**Appreciated assets contributed to charity** – Consider fulfilling your charitable goals by contributing appreciated assets instead of cash. You can deduct the fair market value of long-term capital gain property contributed to charity *and* you avoid paying taxes on the appreciation.

**Tax credits for home improvements** – A tax credit for qualifying home improvements may be available for improvements placed in service during 2011 but not in 2012. The credit applies to energy-efficient improvements such as insulation, exterior windows, and heating and air conditioning systems. You will need to complete your purchase before Dec. 31 to qualify for the credit in 2011. The new energy efficiency tax credit is a 10 percent credit, up to a lifetime maximum of \$500. The prior cap had been up to \$1,500, so check to see whether you have claimed this credit in prior years.

**Tax credits for alternative vehicles** – Several tax credits are available to purchasers of various types of motor vehicles that use fuel-saving or alternative-fuel technologies. Check with the manufacturer to see what tax credits may be available if you are considering the purchase of a new vehicle.



**Zero percent tax rate on capital gains and dividends** – This rate, if not applicable to you personally, may benefit your older children, aging parents or others. The maximum rate of tax on qualified dividends and most long-term capital gains is 15 percent. For those whose marginal income tax rate does not exceed 15 percent, the tax rate on these special types of income is reduced to zero. The zero-percent rate applies to a single person with less than \$34,501 in taxable income for 2011 and married persons filing jointly with taxable income under \$69,001.

The kiddie tax rules may prevent your children from qualifying because the rules require taxation at the parents’ tax rate. However, if you assist aging parents or others, you might consider gifting appreciated capital gain property to them if they are in the 10 or 15 percent tax brackets. They could then sell the investment and qualify for the zero-percent tax rate on the gain.

**Income tax prepayments** – If your estimated tax payments and withholding are not high enough to avoid penalties, increase payments. Even better, if you receive wages, IRA distributions, annuity payments or other payments have the additional taxes withheld because withholding is deemed to be ratable throughout the year.

If you have a fourth quarter state estimated tax payment due Jan. 15, 2012, consider making the payment late in December if you need additional itemized deductions in 2011.

**The alternative minimum tax** – An increasing number of middle-income earners, especially retirees, are subject to the AMT. High itemized deductions (other than charitable contributions), high personal exemptions and large capital gains, among other items, can trigger the AMT. New retirees are often subject to the AMT because they experience lower income while their itemized deductions remain high.

**Your retirement plans** – To qualify for a deduction in 2011, your retirement plan generally must be in place before the end of the year. Exceptions are IRA and SEP (simplified employee pension) plans, which generally must be funded by April 15, 2012.

The following contribution limits apply for 2011:

<b>401(k)</b>	<b>IRA</b>	<b>SIMPLE IRA</b>	<b>Self-employed</b>
\$16,500 (\$22,000 if age 50+)	\$5,000 (\$6,000 if age 50+)	\$11,000 (\$14,000 if age 50+)	20 percent of income up to \$49,000

**Roth IRA conversion** – Roth IRAs have a number of advantages over traditional IRAs, including no tax when the money is withdrawn. Consider the following:

- The conversion results in taxable income.
- The benefits of tax-free withdrawals in the future may be greater than the current tax you will pay.
- There is no longer an income limitation prohibiting high earners from converting.
- If you are expecting a business loss or have high itemized deductions in 2011 that could offset the income effect of the conversion, your tax consequences may be minimized.



**Saver's credit** – If you or your working children contribute to a retirement plan at work – 401(k) or 403(b), 457, SEP IRA, SIMPLE) or a traditional IRA – and your income is less than \$56,500 for married couples or \$28,250 for singles, you may qualify for the saver's credit. You must be at least 18 years of age, not a full-time student and not claimed as a dependent on someone else's tax return. The tax credit ranges from 10 percent of your contribution to as high as 50 percent of your contribution up to a maximum credit of \$1,000.

## Additional taxes coming in 2013

Some future tax changes have already been enacted but have yet to take effect:

- Effective Jan, 1, 2013, a new Medicare Hospital Insurance (HI) tax applies to high income individual taxpayers:
  - The tax is 0.9 percent of earned income in excess of \$200,000 for single filers (\$250,000 for joint returns).
  - A 3.8 percent tax applies to investment income (including dividends, annuities, royalties and rents, etc.) for the same individuals.

Consider talking with your tax adviser about strategies for minimizing this tax.

- In 2013, the threshold for the itemized deduction for unreimbursed medical expenses is increased to 10 percent of adjusted gross income from the current 7.5 percent. You may want to plan for unreimbursed medical procedures in 2011 or 2012 to maximize your tax benefit. There is a break for older taxpayers. If an individual or spouse is age 65 or older, the threshold remains at 7.5 percent of adjusted gross income through 2016.

## Estate & Gift Tax Planning Strategies

**Estate planning** – The estate and gift tax exemption amount for 2011 is \$5 million – essentially \$10 million for a married couple. Again, there is uncertainty in the future about where the estate tax exemption and tax rates will end up. And with the recent changes, it is a good idea to review your plan to ensure it is up to date. Because the estate and gift tax exemptions were recently reunified, now may be an appropriate time to make gifts to take advantage of the \$5/\$10 million lifetime exemption. Making large gifts under the exemption amount not only removes the value of these gifts from your estate but also future appreciation of the gifted assets.

**Gift tax** – The *annual* gift tax exclusion for 2011 remains at \$13,000 per person. If you are married, you can gift up to \$26,000 per donee, per year by using the gift-splitting rules, without any federal gift tax ramifications. Gifting reduces your taxable estate and may be important in an effective estate plan.



## Business Tax Strategies

**Retirement plans for your business** – Retirement plans have significant tax advantages: Employer contributions are deductible from the employer's income, employee contributions are not taxed until distributed to the employee (for plans other than Roths) and investments in the program grow tax-free or tax-deferred. Further, the tax law offers a small incentive of a \$500-per-year tax credit for the first three years of a new SEP, SIMPLE or other retirement plan to cover the initial setup expenses.

**Depreciation** – Certain enhancements to business depreciation provisions are scheduled to expire Dec. 31, 2011, although President Obama has proposed an extension through 2012.

- **Section 179** – A \$500,000 expensing election limit applies to qualifying property purchased and placed in service during 2011. As a result, many businesses will receive an immediate tax write-off for the cost of most new and used tangible personal property. Unless Congress acts to further extend the higher limit, it will drop to about \$134,000 in 2012.

Companies that purchase more than \$2 million of qualifying property during 2011 have their deduction amount reduced, dollar-for-dollar, for purchases in excess of \$2 million.

- **Bonus depreciation** – Property that does not qualify for an immediate tax write-off under the expensing election may qualify for an increased first-year depreciation deduction under bonus depreciation rules. Unlike the Section 179 deduction, there are no restrictions on the amount of qualifying property and there is no taxable income limit. The deduction is 100 percent of the cost for property purchased and placed in service during 2011. Unless Congress acts to extend the bonus depreciation (now proposed by the President), it will not be available for 2012.

**Cost segregation** – Buildings and other real estate generally do not qualify for bonus depreciation or the expensing election. However, a cost-segregation study may be able to identify qualifying property within the overall project, which can often significantly increase your deduction.

**Research and development tax credit** – Many business owners in nearly every industry are unaware that federal and state research and development (R&D) tax credit programs exist that may reward their day-to-day efforts aimed at producing an improved product. This credit is scheduled to expire Dec. 31, 2011.

**Health insurance tax credit** – To encourage smaller businesses to offer medical insurance coverage for their employees, the law offers a tax credit to offset all or part of the cost. If your business qualifies as a small employer, meaning fewer than 25 employees and average annual wages of less than \$50,000, you are eligible for a credit of up to 35 percent of nonelective contributions you make on behalf of your employees for medical insurance premiums. The credit varies based on the numbers of employees and average compensation.

**Credit for hiring new employees** – Businesses that hire workers who are members of certain target groups, such as disabled veterans, food stamp recipients and ex-felons, can claim a credit up to 40 percent of the first \$6,000 of wages paid to each such employee.



**Losses from pass-through entities** –If you are an owner of a pass-through business entity operating as a partnership, LLC, S corporation or trust, and the business will incur a loss in 2011, you may need to plan ahead to be sure you can take advantage of that loss on your personal tax return. These rules can be complicated, and you should consult with your tax adviser – there are steps you can take to deduct passive losses or increase your basis.

**Paying corporate dividends** – Profits of traditional C corporations (those that have not elected S corporation pass-through status) are taxed twice: once when earned by the corporation and again when distributed as a dividend to the shareholders. Many have seen the current 15 percent tax rate on qualified dividends as an opportunity to pay out accumulated earnings at relatively low tax rates. It is likely that the tax rate on dividends will increase in the future, so you may wish to discuss with your tax adviser the possibility of distributing profits to lock in the current 15 percent rate.

## Conclusion

When Congress dealt with the Bush tax cuts at the end of 2010, the effect was to delay a “permanent” decision for another two years. These provisions, originally enacted in 2001, reduced marginal tax rates for all taxpayers, provided relief from the marriage penalty, increased child tax credits, expanded education-related tax benefits and phased out the estate tax.

The current laws, including the recently enacted estate tax changes, are now set to expire, or sunset, on Dec. 31, 2012. If Congress does not act, most of these tax benefits will disappear, and taxes will automatically increase to pre-2001 levels on Jan. 1, 2013. Although we have covered a number of topics in this letter, we undoubtedly did not address every issue relating to your specific situation. Tax projections are recommended to determine your greatest tax savings. We would be pleased to meet with you to discuss these topics and help you plan.

Sincerely,

**Bunting, Tripp & Ingley, LLP**  
Certified Public Accountants

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IRS Circular 230 Disclosure Requirement: To comply with certain U.S. Treasury regulations, we state that any federal tax advice contained in this document is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any federal tax penalties that may be imposed by the Internal Revenue Service. Such regulations require that further due diligence and a full-blown opinion letter specifically applying the relevant authorities to your facts may be required to provide penalty protection.



*Bunting Tripp & Ingley*<sup>LLP</sup>  
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December 30, 2011

Dear Client:

Time for the preparation of your 2011 tax return will soon be here. Despite the economic challenges our country continues to face, we hope all of you have had a good year.

We value the trust you have in our ability to properly prepare your tax returns. Our professional staff trains throughout the year and has access to the very latest technology, and once again will be ready to provide you with the **quality of service** you desire and deserve. We appreciate your continued business with our firm.

**As a result of changes made by the IRS to the tax forms for the 2011 filing season, many taxpayers will now be subjected to increased documentation and reporting requirements to avoid penalties. We have included a separate sheet in this packet detailing some of these new requirements and will assist you in complying with them. The increased work that may be required to comply with some of these new reporting requirements will unfortunately result in higher tax return preparation costs across the entire country as the IRS makes firms such as ours do more of their work. We will make every effort to be as efficient and thorough as possible in preparing your return.**

*The Internal Revenue Service continues to increase the requirements under which returns must be filed electronically. In order to do this, we must have you review a copy of your tax return and return the approval form to our office before we can transmit the return to the IRS. You will **not** be mailing your tax return to the I.R.S. unless you complete another form to "opt out" of electronic filing. Since this procedure will mean more effort in monitoring your tax return once it is completed, we need your help. Once the return is completed, please return the signed forms to our office in a **timely** manner and make every effort to have your tax information to us by **March 20, 2012** (unless you file as a farmer on March 1<sup>st</sup>).*

We have enclosed several important summary checklists of information we will need to help insure that we properly prepare your tax returns. **Please read and complete these schedules as they will help us accurately prepare your tax return. They should be completed and brought to us with your other tax information.** Your help in providing us with complete information, including birth dates, current mailing address, current phone numbers, current email addresses and information on any dependents is necessary and appreciated.

Congress continues to discuss changes in the tax law for this year. We will do our best to assist you in meeting the requirements imposed by the new laws. In this regard, we encourage you to visit our web site at [www.bticpa.com](http://www.bticpa.com). We will continue to expand the information provided on that site.

Please call [863-676-7981](tel:863-676-7981) as soon as convenient after January 1, 2012, and arrange for an appointment to complete your 2011 income tax return. If you find it more convenient to drop your tax information by our office, please do so as soon as all required data has been gathered.

We request that you make every effort to submit your information before March 20<sup>th</sup> to avoid the need for an extension. If you are missing only an item or two, please send what you have when it is assembled and submit the missing information as soon as you receive it.

Best wishes for a happy and prosperous New Year!

Very truly yours,

**Bunting, Tripp, & Ingley, LLP**  
Certified Public Accountants



**The following is a CHECKLIST of the items we will need**

1. All W-2s, forms 1099-INT and 1099-DIV, 1098 (for mortgage interest deductions) and Schedules K-1 for partnerships, S corporations, and estates/trusts.
2. All Broker realized gain/loss statements for the sale of securities showing dates acquired and sold, cost basis, sales price and realized gain or loss.
3. Where applicable, your SSA-1099s for social security payments or RRB-1099 for Railroad Retirement payments.
4. A listing of all tax-exempt interest and dividends since they affect other calculations within your tax return.
5. A completed personal information form (the schedule is attached).
6. All information for preparing Schedule "H" if you employ household help.
7. A listing of all itemized deductions (**if you do itemize them**). Examples of these deductions are medical expenses paid out of pocket, interest paid on home mortgages and investments, property and state income taxes paid, and donations.

Contributions **under** \$250 **must** be verified by a cancelled check or a receipt from the charitable organization.

Contributions **over** \$250 **must** be documented by a written substantiation from the charitable organization.

To tell if a charity is a "qualified" charity, search Publication 78 at

<http://www.irs.gov/charities/article/0,,id=96136,00.html>

For all donations of property, including clothing and household items, get from the charity, if possible, a receipt that includes the name of the charity, date of the contribution, and a reasonably-detailed description of the donated property. If a donation is left at a charity's unattended drop site, keep a written record of the donation that includes this information, as well as the fair market value of the property at the time of the donation and the method used to determine that value. Additional rules apply for a contribution of \$250 or more. For help valuing items of non-cash property, see:

[http://www.salvationarmyusa.org/usn/www\\_usn\\_2.nsf/0/d477340ffa28755c8525743d0049d1ef?opendocument](http://www.salvationarmyusa.org/usn/www_usn_2.nsf/0/d477340ffa28755c8525743d0049d1ef?opendocument)

The deduction for a motor vehicle, boat or airplane donated to charity is usually limited to the gross proceeds from its sale. This rule applies if the claimed value is more than \$500. [Form 1098-C](#), or a similar statement, must be received from the organization and attached to your tax return.

8. OTHER IMPORTANT 2011 TAX ITEMS:
  - a. If you itemize your deductions, you are still allowed a deduction for general sales tax. This can be calculated from IRS generated tables based on your income or you can choose to provide us with the amount you actually paid as documented by receipts. In addition to the general sales tax, you are also allowed a deduction for the sales tax paid on the purchase of a new or used car, boat, motorcycle, motor home, etc. purchased in 2011. Please provide us with a copy of the purchase invoice.
  - b. The non-business energy credit provides a limited credit (lowered from 2010) based on the cost of certain *energy efficient property placed in service in 2011*. This can include certain high-efficiency heat pumps, air conditioners and water heaters. It can also include certain energy efficient windows, doors, insulation and certain roofs. There is also an unlimited credit for certain qualified solar, fuel cell, or geothermal property costs. We will need a copy of the invoice and manufacturer's certification.



**TAX RETURN CALENDAR**

- JANUARY 16, 2012** For taxpayers who have already filed a declaration of estimated tax for 2011, the fourth installment is due on this date.
  
- FARMERS** For taxpayers who qualify as farmers (two-thirds of whose gross income is derived from farming) a declaration of estimated tax should be filed prior to January 16, 2012, if you plan to file your return on April 16th; if not, **see alternative below (\*)**.
  
- JANUARY 31, 2012** Copy B of Form(s) 1099 for payments of \$600 or more to non-corporate operators (contract workers) must be filed with the recipient to avoid penalties.
  
- FEBRUARY 1, 2012** Taxpayers who prefer may file their 2011 return on this date in lieu of making the fourth payment of their estimated tax; however, we urge our clients to make the January 16th estimated payment and take advantage of the April 16th deadline.
  
- FEBRUARY 28, 2012** Copy A of Form(s) 1099 (and Form 1096) for payments of \$600 or more to non-corporate operators (contract workers) must be filed with the IRS to avoid severe penalties.
  
- (\*)**
- MARCH 1, 2012** Taxpayers who qualify as **FARMERS** must file their returns by this date if they have not made a declaration of estimated tax for 2011.
  
- MARCH 15, 2012** Calendar year corporation tax returns due on this date.
  
- APRIL 2, 2012** State of Florida tangible personal property tax returns are due on this date (tax on business equipment) to the applicable county.
  
- APRIL 16, 2012** The tax returns for individuals reporting on a calendar year basis must be filed by this date.

**NOTE:** If you are not on our email list to receive our Tax Newsletter, contact our office with your email address or sign up on our website: [www.bticpa.com](http://www.bticpa.com)





**\*\* PLEASE READ – IMPORTANT NEW INFORMATION AFFECTING 2011 TAX RETURNS \*\***

As a result of changes made by the IRS to the tax forms for the 2011 filing season, we have listed below some of the more common areas that will require additional information from you to comply with the IRS:

**All Schedule C (business), E (rental) and F (Farming) filers:**

The IRS now **REQUIRES** that the following two questions be answered for each of the above activities:

1. Did you make any payments in 2011 that would require you to file Form(s) 1099?
2. If “yes”, did you or will you file all required Forms 1099?

**You are required to file Form(s) 1099 if you pay \$600 or more to a non-corporate taxpayer for rent or services in connection with your trade or business reported on Schedules C, E or F.**

Copy B of Form(s) 1099-MISC must be furnished to the service provider **by January 31, 2012**

Copy A of Form(s) 1099-MISC must be filed (along with Form 1096) **by February 28, 2012**

Detailed instructions on Form 1099-MISC can be found at <http://www.irs.gov/pub/irs-pdf/i1099misc.pdf>

You should have applicable vendors complete Form W-9 to certify to you their status and their EIN# for reporting purposes.

Form W-9 and instructions can be found at <http://www.irs.gov/pub/irs-pdf/fw9.pdf>

**Earned Income Credit (EIC) taxpayers are now subject to increased documentation requirements (and potential penalties):**

The IRS now **REQUIRES** us to complete and attach to your return a detailed checklist (Form 8867) and obtain additional documentation before a taxpayer can claim the earned EIC. Due to increased penalties for failure to follow proper due diligence in obtaining this information, we will have to have your **signed** certification in our files that all of the required answers are accurate.

**ALL Schedule E Rental and Royalty Property:**

The IRS now **REQUIRES** the following information to be submitted with respect to each piece of rental or royalty property reported on Schedule E:

- Physical address of the property (street, city, state & zip)
- Type of property (Single family, Multi-family, Commercial, Vacation, Land, Royalty, etc.)
- The number of days rented at fair market rental value
- The number of days used personally (includes family use and days not rented at fair market rental value)

**Schedule D (Gains & Losses from the Sale of Capital Assets):**

The IRS has totally revised Schedule D and incorporated a new Form 8949 that will require increased reporting from brokers and mutual funds and detailed reconciliations of cost basis as well as detailed explanations of any differences in cost basis from that reported by the brokers. The Schedule D/Form 8949 combination will **significantly** increase the preparation time of returns to which they apply.



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**IMPORTANT!! PLEASE COMPLETE – DATES & AMOUNTS YOU PAID YOUR 2011 ESTIMATED TAXES**  
**Please also COMPLETE ALL contact info on CLIENT DATA SHEET (enclosed) including dependent information.**

NAME: \_\_\_\_\_ PHONE \_\_\_\_\_

\_\_\_\_\_ PHONE \_\_\_\_\_  
 Spouse's name (if filing a joint return)

Main E-mail address \_\_\_\_\_

	<u>Date Paid</u>	<u>Date Due</u>	<u>Amount Paid</u>
1st Quarter	_____	April 15, 2011	_____
2nd Quarter	_____	June 15, 2011	_____
3rd Quarter	_____	September 15, 2011	_____
4th Quarter	_____	January 16, 2012	_____

**IMPORTANT**

**Information Required for Business Use of Personal Auto:**

1/1/11 – 6/30/11 business mileage rate = 51 cents per mile; 7/1/11 – 12/31/11 rate = 55.5 cents per mile

	<u>1/1 to 6/30/11</u>	<u>7/1 to 12/31/11</u>
Total <u>business miles</u> driven:	_____	_____
Total miles (all inclusive) driven:	_____	_____

Do you have written evidence documenting business miles? Yes \_\_\_\_\_ No \_\_\_\_\_

The I.R.S. requires a contemporaneous log to be completed for business miles.

Please bring in with your tax information any preaddressed label, Form 1040V, and envelope which you may have received from the Internal Revenue Service.

Bring in all Forms 1099 and W-2s covering dividends, interest, salaries, sale of investments, etc. Also bring Schedules K-1 for partnerships, S corporations or fiduciaries. Taxpayers receiving social security MUST bring their Forms SSA 1099 (or railroad retirement Forms RRB 1099).

# Bunting, Tripp & Ingley LLP

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## 2011 CLIENT ORGANIZER

(Please update only the information that has changed over the course of 2011)

Primary Name: \_\_\_\_\_ SS#: \_\_\_\_\_  
 Occupation: \_\_\_\_\_ D.O.B \_\_\_\_\_ Cell Phone: \_\_\_\_\_  
 Spouse Name: \_\_\_\_\_ SS#: \_\_\_\_\_  
 Occupation: \_\_\_\_\_ D.O.B \_\_\_\_\_ Cell Phone: \_\_\_\_\_  
 Address (if changed): \_\_\_\_\_

Marital Status: \_\_\_\_\_ Phone (Home): \_\_\_\_\_  
 Phone (Work): \_\_\_\_\_ Sp Phone (Work): \_\_\_\_\_  
 Email: \_\_\_\_\_ Email (Sp): \_\_\_\_\_

DEPENDENTS LIST BY NAME (First, middle initial, and last name)	DATE OF BIRTH	SS NUMBER	RELATIONSHIP	MONTHS LIVED AT HOME

If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here.

If someone else can claim you as a dependent, check here.

Traditional IRA Contributions	\$ _____	Alimony paid	\$ _____
Keogh/SEP/SIMPLE Contributions	\$ _____	Recipient's SSN	\$ _____
Roth IRA Contributions	\$ _____	Lodging expenses during move	\$ _____
Estimated Tax Payments: Federal	\$ _____		
State	\$ _____		

### CHECK THE INCOME ITEMS WHICH PERTAIN TO YOU

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> State Tax Refund   | <input type="checkbox"/> Pension, Retirement Income                | <input type="checkbox"/> Social Security          |
| <input type="checkbox"/> Wage Statement - W-2   | <input type="checkbox"/> IRA Distributions                         | <input type="checkbox"/> Municipal Bonds          |
| <input type="checkbox"/> Interest   | <input type="checkbox"/> Income from Rentals                       | <input type="checkbox"/> Self-Emp business Income |
| <input type="checkbox"/> Dividends  | <input type="checkbox"/> Partnerships/Corporations (K-1)           | <input type="checkbox"/> Commissions - 1099's     |
| <input type="checkbox"/> Mutual Fund Distributions  | <input type="checkbox"/> Estate/Trusts                             | <input type="checkbox"/> Education Expenses       |
| <input type="checkbox"/> Alimony Received   | <input type="checkbox"/> Farm Income                               |   |
| <input type="checkbox"/> Unemployment   | <input type="checkbox"/> Did you buy or sell a personal residence? |   |
| <input type="checkbox"/> Lottery or Gambling Earnings   | <input type="checkbox"/> Installment Sale                          |   |
| <input type="checkbox"/> Did you sell any stock, real estate, business autos or business equipment? |  |   |

### Child Care Information (Note: This information is required for each provider.)

Provider's Name: \_\_\_\_\_ Provider's SSN/EIN: \_\_\_\_\_  
 Provider's Address: \_\_\_\_\_ Amount Paid to Provider: \_\_\_\_\_

# POSSIBLE ITEMIZED DEDUCTIONS

## MEDICAL & DENTAL:

DR \$ \_\_\_\_\_  
DR \$ \_\_\_\_\_  
DR \$ \_\_\_\_\_  
DR \$ \_\_\_\_\_  
OPERATIONS \$ \_\_\_\_\_  
PRESCRIPTION DRUGS \$ \_\_\_\_\_  
MED/DENTAL INSURANCE \$ \_\_\_\_\_  
LONG-TERM CARE INSURANCE \$ \_\_\_\_\_  
HOSPITAL & EMERGENCY \$ \_\_\_\_\_  
LAB & X-RAY \$ \_\_\_\_\_  
VISITING NURSES/IN-HOME CARE \$ \_\_\_\_\_  
DENTAL \$ \_\_\_\_\_  
DENTURES & BRACES \$ \_\_\_\_\_  
GLASSES & CONTACT LENSES \$ \_\_\_\_\_  
    SUPPLIES \$ \_\_\_\_\_  
HEARING AIDS & BATTERIES \$ \_\_\_\_\_  
ORTHOPEDIC SHOES \$ \_\_\_\_\_  
THERAPY TREATMENTS \$ \_\_\_\_\_  
CANES/CRUTCHES/BRACES \$ \_\_\_\_\_  
WHEELCHAIRS \$ \_\_\_\_\_  
ON DOCTORS ADVICE  
    AIR CONDITIONING COSTS \$ \_\_\_\_\_  
    VAPORIZERS \$ \_\_\_\_\_  
    THERMOMETERS & BANDAGES \$ \_\_\_\_\_  
    OTHER \$ \_\_\_\_\_  
MEDICAL MILES DRIVEN \$ \_\_\_\_\_  
OTHER MEDICAL TRANSPORTATION \$ \_\_\_\_\_

## CONTRIBUTIONS (Substantiated):

CHURCH \$ \_\_\_\_\_  
UNITED WAY \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
OTHER \$ \_\_\_\_\_  
VALUE OF FURNITURE OR CLOTHING  
GIVEN TO: \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_  
VOLUNTEER WORK EXPENSES:  
    SUPPLIES \$ \_\_\_\_\_  
    AUTO MILES DRIVEN \_\_\_\_\_  
**TAXES:** \$ \_\_\_\_\_  
REAL ESTATE TAX \$ \_\_\_\_\_  
PERSONAL PROPERTY TAX \$ \_\_\_\_\_  
STATE INCOME TAX \$ \_\_\_\_\_  
SALES TAX \$ \_\_\_\_\_  
**INTEREST PAID:**  
HOME MORTGAGE INTEREST \$ \_\_\_\_\_  
2ND MORTGAGE/HOME EQUITY \$ \_\_\_\_\_  
HOME MORTGAGE TO INDIVIDUAL \$ \_\_\_\_\_  
NAME \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
POINTS PAID AT CLOSING \$ \_\_\_\_\_  
INVESTMENT INTEREST \$ \_\_\_\_\_  
**CASUALTY LOSSES:**  
\_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_

## MISCELLANEOUS & EMPLOYEE BUSINESS EXPENSES:

BUSINESS TRAVEL \$ \_\_\_\_\_  
    OUT OF TOWN/TEMPORARY \$ \_\_\_\_\_  
EDUCATION EXPENSES \$ \_\_\_\_\_  
EMPLOYMENT/JOB SEEKING FEES \$ \_\_\_\_\_  
INVESTMENT EXPENSES \$ \_\_\_\_\_  
MILES DRIVEN TO 2ND JOB \$ \_\_\_\_\_  
OFFICE-IN-HOME EXPENSE \$ \_\_\_\_\_  
OTHER \$ \_\_\_\_\_  
SAFE DEPOSIT BOX \$ \_\_\_\_\_  
SAFETY SHOES & GLOVES \$ \_\_\_\_\_  
SALES/ENTERTAINMENT \$ \_\_\_\_\_  
TAX RETURN PREPARATION \$ \_\_\_\_\_  
UNIFORM CLEANING \$ \_\_\_\_\_  
UNION DUES \$ \_\_\_\_\_  
VEHICLE USE (AUTO/TRUCK) MILES \$ \_\_\_\_\_  
    FOR WORK (NON COMMUTE) \$ \_\_\_\_\_  
WORK TOOLS \$ \_\_\_\_\_

## SELF-EMPLOYED BUSINESS EXPENSE

ADVERTISING \$ \_\_\_\_\_  
CAR & TRUCKING EXPENSE \$ \_\_\_\_\_  
LEGAL & PROFESSIONAL SERVICES \$ \_\_\_\_\_  
MEALS \$ \_\_\_\_\_  
OFFICE EXPENSES \$ \_\_\_\_\_  
OTHER \$ \_\_\_\_\_  
RENT OR LEASE PAYMENTS \$ \_\_\_\_\_  
REPAIRS AND MAINTENANCE \$ \_\_\_\_\_  
SUPPLIES \$ \_\_\_\_\_  
TAXES & LICENSES \$ \_\_\_\_\_  
TRAVEL \$ \_\_\_\_\_  
UTILITIES/TELEPHONE \$ \_\_\_\_\_

## EDUCATION EXPENSES:

STUDENT LOAN INTEREST \$ \_\_\_\_\_  
POST-SECONDARY, TUITIONS & FEES \$ \_\_\_\_\_



January 17, 2012

**\*\* DUE TO NEW IRS REQUIREMENTS, YOU MUST READ THIS LETTER AND PROVIDE THE INFORMATION REQUESTED ON THE BACK SIDE OF THIS PAGE BEFORE WE CAN FINALIZE YOUR 2011 TAX RETURN! \*\***

**To all of our Individual Clients filing IRS Schedule C, Schedule E (page1 rental), Schedule F or Form 4835:**

The IRS has made a significant change to the income tax return reporting requirements that will affect EVERY individual return that includes one of the above Schedules. **We have identified your return as being one of these affected returns.**

The IRS now has a 2-part question on every tax return that we MUST answer properly to be sure that the return is considered complete by the IRS. The new question is:

***Did you make any payments in 2011 that would require you to file Form(s) 1099?  
If "Yes," did you file or will you file all required Forms 1099?***

Businesses have been accustomed to IRS rules that require them to report certain payments on annual Form 1099 information returns. However, the recently enacted law imposes surprising new Form 1099 reporting requirements. Complying with them may add significantly to your paperwork burden.

For many individuals, the new rules now require issuing 1099s for all sorts of business payments that they previously did not have to worry about. **However, the new legislation does not require Form 1099 reporting of payments that are made for non-business reasons.** In addition to providing a copy of the Form 1099 to each payee, you must also furnish a copy of the Form 1099 to the IRS **no later than February 29, 2012.** This reporting procedure helps payees remember to include the payments on their tax returns, and it helps the IRS ensure that the income is properly reported for the business deductions that you claim.

Under rules now in effect, individual taxpayers filing IRS Schedule C, Schedule E (page1 rental), Schedule F or Form 4835 must report on Forms 1099:

1. Payments for services provided by an independent contractor when the total amount paid in the calendar year is \$600 or more.
2. Commissions, fees, and other compensation paid to a single recipient when the total amount paid in the calendar year is \$600 or more.
3. Interest, rents, royalties, annuities, and income items paid to a single recipient when the total amount paid in the calendar year is \$600 or more.

When a Form 1099 is required to be issued, it must show:

- The total amount paid to the payee for the calendar year;
- The name and address of the payee;
- The tax ID number (TIN) of the payee

If you do not have this information, you must obtain it from the payee via a signed Form W-9 (we have included a W-9 with this letter). If your business doesn't have or cannot obtain a payee's valid TIN, the IRS may require you to institute backup federal income tax withholding at a 28 percent rate on future payments to such payee. If a payer inadvertently fails to issue a proper Form 1099, the IRS can assess a \$50 penalty. The penalty for each intentional failure can be \$100 or more.

### **Reporting of Payments to Corporations**

For 2011 reporting, most payments to corporations are exempt from Form 1099 reporting requirements. However, there are a few exceptions. For instance, payments of \$600 or more in a calendar year to an incorporated law firm must be reported on Form 1099-MISC.

### **Reporting of Payments for Property**

Under current rules, there is also generally no requirement to issue 1099s to report payments for property (such as merchandise, raw materials and equipment). Example: Your business buys a delivery van, display shelving, and computer equipment. Under today's rules, there's no 1099 reporting requirement for these purchases.

A TRADITION *of* EXCELLENCE.

P.O. Box 990 • LAKE WALES, FL 33859-0990 • PH 863.676.7981 • FAX 863.676.8899 • BTICPA.COM

**In order for us to complete your 2011 tax return for filing, we need you to answer the following questions and sign the statement below so that we have the appropriate documentation in our records to allow us to answer the new questions on your tax return:**

***I certify that I made business payments in 2011 that would require me to file Form(s) 1099?***

***(Please check one ) \_\_\_\_\_ Yes \_\_\_\_\_ No***

***If "Yes," I certify that I did or will file all required Forms 1099?***

***(Please check one ) \_\_\_\_\_ Yes \_\_\_\_\_ No***

\_\_\_\_\_ by: \_\_\_\_\_  
Entity Name Name & Title Date

**Please return this completed page to us as soon as possible at:**

Bunting, Tripp & Ingley, LLP  
230 East Tillman Ave.  
Lake Wales, FL 33853  
or by fax to: **863-676-8899**  
or by e-mail to: [info@bticpa.com](mailto:info@bticpa.com)

**\*\* If you have the information (payee name, address, TIN and amount paid) and require our assistance in completing the required Form(s) 1099, please contact our office as soon as possible at 863-676-7981 and ask to speak to either Ron or Diane in our client bookkeeping services department.**

Very truly yours,

*Bunting, Tripp & Ingley, LLP*  
Bunting, Tripp & Ingley, LLP

**What Will Change in Tax Year 2012 and Beyond?**

For 2012, the new legislation makes two big changes to the existing Form 1099 reporting rules and a third change that is hard to assess without further guidance from the IRS.

First Change: Payments to Corporations Must Be Reported. Starting in 2012, if your business pays a corporation \$600 or more in a calendar year, you must report the total amount on an information return. Presumably, Form 1099-MISC will be used for this purpose, or the IRS will develop a new form. (Payments to corporations that are tax-exempt organizations will be exempt from this new requirement.)

Another burden: You must also obtain a TIN from each affected payee to avoid the requirement for backup withholding of federal income tax. On the other side of the coin, if your business sells property or you operate a corporate business, you will have to supply your customers with your TIN to avoid backup withholding on payments made to you.

Third Change: Payments of "Gross Proceeds" Must Be Reported. Here's where the new upcoming rules get more confusing. Under a third new rule that will take effect in 2012, payments of \$600 or more in "gross proceeds" to a payee in a calendar year must be reported on an information return. At this point, it is unclear what this new reporting requirement is meant to cover. The best guess is that it is meant to cover payments made to non-corporate payees, such as restaurants and other small businesses. We are awaiting IRS clarification on this issue.

TINs must be obtained from your vendors to avoid having to institute backup federal income tax withholding on payments made to them. By the same token, your business must ensure that your customers have your TIN to avoid backup withholding on payments made to you.

What if backup withholding does occur on payments made to you? You must be prepared to track the withheld amounts so you can claim credit for them at tax return time. If your business winds up on either side of the backup withholding rules, it can be a real mess. And with lots more 1099s flying around, the odds of errors rise proportionately.



January 17, 2012

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**To all of our Corporate and Partnership Clients:**

The IRS has made a significant change to the income tax return reporting requirements that will affect EVERY corporate and Partnership return that is prepared for 2011!

The IRS now has a 2-part question on every tax return that we MUST answer properly to be sure that the return is considered complete by the IRS. The new question is:

***Did the corporation/partnership make any payments in 2011 that would require it to file Form(s) 1099?  
If "Yes," did the corporation/partnership file or will it file all required Forms 1099?***

Businesses have been accustomed to IRS rules that require them to report certain payments on annual Form 1099 information returns. However, the recently enacted law imposes surprising new Form 1099 reporting requirements. Complying with them may add significantly to your organization's paperwork burden.

For many organizations, the new rules will require issuing 1099s for all sorts of business payments that they previously did not have to worry about. In addition to providing a copy of the Form 1099 to each payee, you must also furnish a copy of the Form 1099 to the IRS **no later than February 29, 2012**. This reporting procedure helps payees remember to include the payments on their tax returns, and it helps the IRS ensure that the income is properly reported for the business deductions that you claim.

Under rules now in effect, businesses must report on Forms 1099:

1. Payments for services provided by an independent contractor when the total amount paid in the calendar year is \$600 or more.
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When a Form 1099 is required to be issued, it must show:

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- The name and address of the payee;
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If your business does not have this information, you must obtain it from the payee via a signed Form W-9 (we have included a W-9 with this letter). If your business doesn't have or cannot obtain a payee's valid TIN, the IRS may require you to institute backup federal income tax withholding at a 28 percent rate on future payments to such payee. If a payer inadvertently fails to issue a proper Form 1099, the IRS can assess a \$50 penalty. The penalty for each intentional failure can be \$100 or more.

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**In order for us to complete your 2011 tax return for filing, we need you to answer the following questions and sign the statement below so that we have the appropriate documentation in our records to allow us to answer the new questions on your tax return:**

***I certify that the entity named below made business payments in 2011 that would require it to file Form(s) 1099?***

***(Please check one ) \_\_\_\_\_ Yes \_\_\_\_\_ No***

***If "Yes" above, I certify that the entity named below did or will file all required Forms 1099?***

***(Please check one ) \_\_\_\_\_ Yes \_\_\_\_\_ No***

\_\_\_\_\_ by: \_\_\_\_\_  
Entity Name Name & Title Date

**Please return this completed page to us as soon as possible at:**

Bunting, Tripp & Ingley, LLP  
230 East Tillman Ave.  
Lake Wales, FL 33853  
or by fax to: **863-676-8899**  
or by e-mail to: [info@bticpa.com](mailto:info@bticpa.com)

**\*\* If you have the information (payee name, address, TIN and amount paid) and require our assistance in completing the required Form(s) 1099, please contact our office as soon as possible at 863-676-7981 and ask to speak to either Ron or Diane in our client bookkeeping services department.**

Very truly yours,

*Bunting, Tripp & Ingley, LLP*  
Bunting, Tripp & Ingley, LLP

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