



I hope this letter finds you at the start of a happy, healthy and prosperous new year!

We have a lot of interesting things going on that I would like to tell you about, so thank you for taking the time to read this newsletter.

new website + logo: For months, we've been working hard on our [new website](#) and I'm so happy it's done! I hope you like it and find it easy to navigate. There's a lot information in the [resources + info](#) section that will be helpful to you. The [client access](#) page is where you can access your portals to see your taxes, financials, payroll etc. (more on that later.) If you find any bugs, please let us know!

flash-com messages: We will be sending out very short 1-2 sentence emails from time to time with important reminders and updates that I think will be very helpful to you. They will also be posted on our new [FaceBook](#) and [Twitter](#) pages. We are trying hard to keep in touch with you and keep you informed, without being intrusive. This is a new approach for us, and I welcome your feedback.

new staff: We have recently hired a young man by the name of Emmanuel Quiles-Berrios who will be filling in for Dan. Dan will be returning to college full-time this semester to finish his degree. We expect him back mid-May. We also have a University of MD graduate, Molly Wu, who just finished her Masters in Accounting. She is coming on board for a semester while she studies for the CPA exam. We had a lot of applicants that we tested for math aptitude, and both Emmanuel and Molly scored very well.

new name: I am in the process of changing my name to Marla LaHaye so I'll have the same last name as my husband (which makes him happy and means I'm a very good wife). The Harding Group isn't going to change. It's actually quite a big job to change my name everywhere, so you may be seeing both names for a while. Don't be alarmed if your tax return is signed Marla LaHaye – it's still me!

portals: We are relying more and more on our portal technology, which allows us to post tax returns, payroll reports, financial statements, and other documents to a secure website that we have set up for each of you. We have just finished changing the portal user ids to email addresses, so you'll no longer have to remember the 107644 number. (If you have more than one email address, please check with us to make sure we are using your preferred email address.) Go ahead and log in using your email address and your old password. If your old password doesn't work, or if you forgot it, just click on the "Help, I've forgotten my password" link and a new password will be emailed to you. If you haven't been using your portal, please give it a try. We are not allowed (per the American Institute of CPAs) to email anything with social security numbers or employer id numbers for security reasons. I think you'll find that having all your accounting records electronically filed in one place is a good thing. So good in fact, that we are trying not to mail anything except payroll checks that need to be signed. If this causes a problem for you, just let us know. We can also set up free portals for your employees so they will have their 2012 paystubs and W-2s electronically.



tax questionnaires: New this year – we are in the process of posting tax organizers to each of your portals. This is a detailed tax organizer that shows you all of your information from last year’s taxes, so you can update it for the current year. It’s not required, but you might find it helpful. They should be ready in the next week or so – well before you have received all of your information.

Our regular **tax questionnaires** (for both **businesses** and **individuals**) are now available. Like last year, we will be requiring one prior to starting your taxes. This is an ongoing effort to stay in compliance with the American Institute of CPAs. I tried to keep them as short and sweet as possible while including all of the required elements. As you know, we process taxes in the order we receive the information. But, you don’t have to wait for every last statement to come in. We’re happy to get your file when it’s about 90% complete. Just put a note on the questionnaire letting us know what paperwork you’re waiting for. Then, when it comes in, we should be able to finish your return quickly.

February 15th is the last day to get us your business information if you would like us to complete your corporate return on time. After that, we will have to extend you. Likewise, March 15th is the last day to get us your personal information if you would like to have your individual return completed on time.

Below are the deadlines for filing. If you have an LLC and aren’t sure which deadline applies to you, give us a call.

Individual return deadlines (includes sole proprietor returns)

Business return deadlines (partnerships & corporations)

social security + payroll taxes: FICA (Social Security) has been reduced by 2% for employees thru February 29, 2012. You may recall that it was reduced by 2% in 2010 for employees. (Employers didn’t get a break.) Many are predicting that the reduction will last through all of 2012, but so far Congress has yet to act – shocking, I know. We will keep you posted on this. There is a complication which didn’t get much news coverage, and that is the fact that there is a new “recapture provision” for employees who receive more than \$18,350 in wages in January and February. They get to pay a 2% “recapture tax” on the amount over \$18,350 on their 2012 individual tax returns. This too, could change. We’ll stay on top of it.

The Social Security Administration is no longer sending out annual statements due to budget cuts, and the information is not available online. The annual statements gave estimates of what to expect in social security benefits, and they showed what had been reported for wages earned and FICA paid each year. You can use the www.ssa.gov website to calculate benefits, but I don’t know how you check to see if your wages were posted correctly.

news for employers: W-2s are due to your employees by January 31st, but most employees are very happy to get them early. We’ll do everything we can to process them as quickly as possible.

Now is a very good time to have your employees do new W-4s and MW-507s to update their withholdings. Make sure you have a valid I-9 for each employee too. (There’s a \$10,000 penalty for not having I-9s.) And don’t forget that you need to do the MD New Hire Registration when you hire a new employee. [Everything you need is right here.](#)

The Department of Homeland Security has set up a website called e-verify that allows you to verify the eligibility of a new employee (i.e. is he or she legal to work in the US?). If there are any problems with the documentation, a case will be opened. I thought it was pretty cool, much better than the social security website, which lets you know if there’s a problem with the name, SSN and birth date matching, but then tells you that you can’t make hiring or firing decisions based on that. If you would like me to verify new employees for you, please let me know.



credits for small businesses: Here are a couple of credits that could save you some money. The first is a credit to upgrade the light fixtures in your commercial space. You can save up to 80% on [energy efficient lighting upgrades](#) through BGE. The Harding Group took advantage of that last year.

The other is a subsidy for small businesses that start providing health insurance to their employees. If the business qualifies, there's a 50% subsidy. Yes – it's a little hard to qualify. You have to have 2-9 employees, average full-time wages below \$50,000 and you can't have offered health insurance to employees in the last 12 months. Here are all the [details](#).

1099s due January 31: If you paid anyone (an individual, sole proprietor, LLC or partnership) more than \$600 during the 2011 calendar year for services, then you are required to issue a 1099-MISC. It is due to the recipient by January 31st. Besides your independent contractors, you may also need to give one to your landlord, attorney, computer guy, etc.

1099s also need to be issued for interest paid, so try to think of anyone who might be holding a note for you. If you have loaned more than \$10,000 to your corporation then the corporation is required to issue you a 1099-INT.

The purpose of the 1099 is to inform the IRS (and MD) that the recipient has taxable income. The IRS computers will check to see that the recipients reported that income on their individual returns. While there is some temptation to just let this slide, please don't. If you fail to file 1099s, you can be penalized, and the IRS can even reclassify the worker as an employee, which adds a whole host of payroll tax penalties. I have seen people lose their businesses over this.

It is not required that 1099s be given to corporations (unless it's an incorporated law firm). LLCs – limited liability companies, are not considered incorporated for 1099s, so you should send 1099s to LLCs as needed.

Here is the information that we need:

- Name
- Social Security Number or EIN
- Address
- Amount

Please help us with this. We want to help you file these on time!

thank you for your business! Thank you for taking the time to read our newsletter. We always try to keep you informed and proactively advise you, so let's keep in touch. I'm happy to answer any questions or address any concerns before you do something that might impact your taxes.

We thank you so much for your business. We strive to provide exceptional service and we stand behind our work. We hope to grow in 2012 and we welcome any referrals you may have.

Sincerely,

Marla Harding, CPA (soon to be Marla LaHaye, CPA)
marla@thehardinggroup.biz