



SMALL BUSINESS SERVICES NEWS

December 2007

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Our strength is in numbers.

Audit & Assurance | Tax Compliance | Small Business Services | Management Consulting | Technology Solutions

■ Year End Processing

DECEMBER RECORDS

We need to have your information as soon as possible after January 1, 2008. Since January is a hectic month, we would appreciate your cooperation in sending your information before Friday, January 11, 2008.

PREPARATION OF FORMS W-2 and 1099

Please be sure you have responded to our request for updated Federal I.D. numbers for any employees and/or independent contractors by Friday, December 21, 2007. We know your employees will be anxious to receive their Forms W-2 as soon as possible. The deadline to give the forms to your employees is January 31, 2008, so please do not promise them prior to that date.

FIXED ASSETS

You should have received a list of your 2007 fixed assets for your review and update. We request your cooperation to timely provide your information to us by Friday, December 21, 2007.

■ Minimum Wage and Tax Update

FLORIDA MINIMUM WAGE

The current federal minimum wage is \$5.85, increasing to \$6.55 on July 24, 2008. However, effective January 1, 2008, the minimum wage in Florida is \$6.79 per hour.

SOCIAL SECURITY AND MEDICARE TAXES

The FICA Social Security tax rate for 2008 is 6.2% for all wages paid up to a maximum of \$102,000 for OASDI. The Medicare tax rate is 1.45% for all wages paid, with no maximum limitation. The self-employment tax rate is 12.4% for OASDI and 2.9% for Medicare.

■ Sales and Use Tax

RESALE CERTIFICATE

In the front of your 2008 sales tax booklet there is one copy of an annual Resale Certificate. Please pull this out and make copies, sign and provide to any of your vendors.

TAX EXEMPT CERTIFICATES

Clients who are exempt from sales tax should provide a copy to all vendors. The Department of Revenue is now requesting that the copy be signed at point of purchase.

DISCRETIONARY SALES SURTAX

Several surtax rates will expire in 2008. Be sure to review the surtax list included with your tax booklet or you can download it from the FL DOR website, <http://dor.myflorida.com/dor/forms/2008/dr15dss.pdf>.

Businesses can verify a purchaser's Resale and Exemption Certificate at <https://suntax.state.fl.us/irj/portal/anonymous>.

Verify an employee's name and social security number at <http://www.ssa.gov/bso/bsowelcome.htm>.

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■ Important Tax Due Dates

January 31, 2008

Form 941
Form 940
Form UCT-6
Forms W-2 due to employees
Forms 1099 due to recipients

February 28, 2008

Forms W-3 and W-2 due to SSA
Forms 1096 and 1099 due to IRS

March 17, 2008

Form 1120(S) and calendar year 1120 due to IRS

April 1, 2008

Tangible Personal Property Tax

April 15, 2008

Partnership calendar year tax returns due

May 1, 2008

Florida Annual Report and Fee

■ 2008 Mileage Rates

Business standard rate is **50.5¢** per mile.

Depreciation component rate is **21¢** per mile.

Vehicle use for medical care or job-connected moving expense is **19¢** per mile.

Charitable use of a car is **14¢** per mile.

■ Accounting System Users:

- More than ever, businesses are shifting to electronic methods of communication. Banking institutions can provide you with bank statements immediately after the close of your accounting period so you can provide your information to us quicker. Please check with your bank for more information.
- Visit the following websites for more information to file and pay electronically:

All Federal Tax Payments <https://www.eftps.gov/eftps/>

FL Sales/Use Tax and Unemployment Tax <http://dor.myflorida.com/dor/eservices/apps/enroll/>

- PEACHTREE CLIENTS**
- Verify that all vendors who are to receive a 1099 have been set up properly. Go to *Maintain Vendors*, under *1099 Type*, check *Independent Contractor*.
- QUICKBOOKS CLIENTS**
- Verify that all vendors who are to receive a 1099 have been set up properly. Go to *Vendor Setup*, under *Additional Info*, check *Vendor Eligible for 1099*.
- In January 2008, review your Chart of Accounts, Vendor List, and Employee List. Inactivate any employee or vendor you no longer use, as well as accounts that have had no activity in them.
- Once you have delivered your year-end backup to us, please **DO NOT** make any changes to your data for 2007. Make any changes in the New Year.

■ Retirement Plan Limits

<u>Contributions</u>	<u>2007</u>	<u>2008</u>
401(k)	\$15,500	\$15,500
SEP	45,000	46,000
SIMPLE's	10,500	10,500

The amounts for 2008 are for planning purposes only. Please note that 2008 amounts are subject to change if Congress passes any tax laws effective retroactively.

■ Reminders

FLORIDA UNEMPLOYMENT

You will receive notification of your new 2008 rate during the month of December. Please send a copy of your new rating to our office if we prepare your payroll tax forms. The base rate for new employers is .0270.

HIRING NEW EMPLOYEES

You must determine that each new employee is legally eligible to work by completing the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification Form. You may download this form at <http://www.uscis.gov/files/form/i-9.pdf>.

NEW HIRE REPORTING

State and Federal law requires employers to provide information on newly hired or rehired employees within 20 days after their hire date. You can register to report online or download forms from the Florida New Hire Reporting Center website at <https://newhirereporting.com/fl-newhire/>.

INDEPENDENT CONTRACTORS

If individuals perform services for you and you are not treating them as employees, BE CAREFUL. Please be sure you have sufficient information and documentation to support your position. Mistakenly reporting individuals as independent contractors, when in fact they are employees, can result in costly tax assessments and penalties.

LEGAL FEES PAID

Form 1099 must be filed for ALL payments of \$600 or more for legal services. There are NO exceptions even if the provider is a corporation.

■ Meet Our Small Business Services Staff

Beatrice (Bee) Rivera has over 10 years experience in public accounting and is in charge of the day-to-day operations of our Small Business Services. Bee is certified in Quick Books and is fluent in Spanish.

Karen Lean has 10 years of experience in the accounting field and is the manager of Small Business Services. She has a BS in Industrial Engineering and just completed her BS in Accounting through Florida Southern College. Karen is a member of our professional staff and focuses on providing tax and accounting services to a variety of small businesses. She is also fluent in Spanish.



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Please visit our website at www.bayliscpas.com