



Robert R. Roback, Sr. CPA, CFS, CFA
Daniel R. Kumlander, CPA
Timothy W. Pehl, CPA, CFP[®]
Kenneth E. Hay, CPA, CVA

OBJECTIVE ADVICE ON THE ROAD OF LIFE

January 4, 2012

To Our Business Clients:

In accordance with the Internal Revenue Service Code any person, including a corporation, partnership, individual, estate, and trust, who makes reportable transactions during the calendar year must file the appropriate information returns to report those transactions. In addition, the person must also provide a statement to the recipient of the reportable income or to the other party involved in the reportable transaction. These transactions usually involve payments for services which total \$600.00 or higher for the year provided by non-employees.

The information returns most frequently filed are Form 1099-MISC; Form 1099-INT; and Form 1099-DIV. Some of the payments reported on Form 1099-MISC are: rent and royalty payments, payments for services related to rental property, and payments for services performed for a trade or business by people not treated as its employees. This includes such services as janitorial/office cleaning, landscaping, repairs and maintenance, accounting and legal, capital improvements, and subcontractors, to name a few.

In general, payments to corporations are not reportable. One exception to this is attorney's fees.

On March 23, 2010 the Patient Protection and Affordable Health Care Act expanded the reporting requirements. For payments made after December 31, 2011, Section 9006 of this Health Care Act amended the reporting requirement in two principal ways. First, payments to corporations would no longer be automatically exempt from reporting requirements by virtue of the payee's corporate status, despite existing regulations to the contrary. Second, the types of payments that can trigger the reporting requirement would be expanded to include amounts paid in consideration of property (e.g. office supplies) and other gross proceeds (e.g. net sales price of a stock).

Effective on April 14, 2011, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 repealed expanded Form 1099 information reporting requirements for certain business payments and rental property expense payments as mentioned in the previous paragraph. For 2011, the act repeals the requirement for rental property owners to report expense payments in the aggregate of \$600 or more. In addition, the act repeals the requirement for businesses, charities and governmental entities to report payments to companies for merchandise purchased in the aggregate of \$600 or more and the to report payments for services and merchandise to corporations in the aggregate of \$600 or more going forward into 2012.

Members:

• American Institute of Certified Public Accountants (AICPA) • New York State Society of Certified Public Accountants (NYSSCPA)

January 10, 2012

To Our Business Clients:

In accordance with the Internal Revenue Service Code any person, including a corporation, partnership, individual, estate, and trust, who makes reportable transactions during the calendar year must file the appropriate information returns to report those transactions. In addition, the person must also provide a statement to the recipient of the reportable income or to the other party involved in the reportable transaction. These transactions usually involve payments for services which total \$600.00 or higher for the year provided by non-employees.

The information returns most frequently filed are Form 1099-MISC; Form 1099-INT; and Form 1099-DIV. Some of the payments reported on Form 1099-MISC are: rent and royalty payments, payments for services related to rental property, and payments for services performed for a trade or business by people not treated as its employees. This includes such services as janitorial/office cleaning, landscaping, repairs and maintenance, accounting and legal, capital improvements, and subcontractors, to name a few.

In general, payments to corporations are not reportable. One exception to this is attorney's fees.

On March 23, 2010 the Patient Protection and Affordable Health Care Act expanded the reporting requirements. For payments made after December 31, 2011, Section 9006 of this Health Care Act amended the reporting requirement in two principal ways. First, payments to corporations would no longer be automatically exempt from reporting requirements by virtue of the payee's corporate status, despite existing regulations to the contrary. Second, the types of payments that can trigger the reporting requirement would be expanded to include amounts paid in consideration of property (e.g. office supplies) and other gross proceeds (e.g. net sales price of a stock).

Effective on April 14, 2011, the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011 repealed expanded Form 1099 information reporting requirements for certain business payments and rental property expense payments as mentioned in the previous paragraph. For 2011, the act repeals the requirement for rental property owners to report expense payments in the aggregate of \$600 or more. In addition, the act repeals the requirement for businesses, charities and governmental entities to report payments to companies for merchandise purchased in the aggregate of \$600 or more and the to report payments for services and merchandise to corporations in the aggregate of \$600 or more going forward into 2012.

When To File

You must furnish Copy B to the recipient by January 31, 2012. File Copy A along with Form 1096 with the IRS by February 28, 2012. Failure to file timely, or with incorrect information, or intentionally disregarding the filing requirements can incur penalties as high as \$100 to \$250 per information return.

If you would like us to prepare your 1099 forms for 2012, please furnish our office with the following information for each recipient at your earliest convenience:

Recipient name and address

DBA if appropriate

Recipient's TIN (Individual's SSN if a sole proprietor, or the EIN of the business)

Amount paid to the recipient for the calendar year 2011

Type of Payment, e.g. rent, non-employee compensation (most common), attorney fees.

If you do not have the recipient's TIN, you can obtain it by sending the recipient Form W-9 – Request for Taxpayer ID Number and Certification. This form is available online at www.irs.gov as a form you can easily fill in, print and save. Or if you prefer we can prepare and send this form for you. We will need the address of the person or business to whom it will be sent.

NYS Minimum Wage Notice for 2009 Increase

Enclosed is the 2011 employer's notice which must be posted in every place of business. You can also obtain a copy at:

http://www.labor.ny.gov/formsdocs/wp/LS207_2009.pdf

Federal Form W-4 and NYS Form IT-2104 – Employee's Withholding Allowance Certificate, must be filled out annually by each employee and kept on file by the employer. The 2012 forms are enclosed. The following web addresses will also get you to these forms.

Federal W-4 can be obtained at:

<http://www.irs.gov/pub/irs-pdf/fw4.pdf>

Best wishes for a prosperous new year to all of our business clients.

Roback, Kumlander & Pehl

Roback, Kumlander & Pehl, CPAs, LLP

ENC.



Post Conspicuously
New York State Department of Labor

ATTENTION EMPLOYEES

(ATENCIÓN EMPLEADOS)

MINIMUM WAGE INFORMATION

(INFORMACIÓN SOBRE EL SALARIO MÍNIMO)

Effective 07/24/09

Basic Hourly Rate

\$7.25 per hour

A partir del 07/24/09

Salario Mínimo

\$7.25 por hora

Overtime Rate

For most occupations, employees must be paid overtime after 40 hours of work in a week at 1 ½ times their hourly rate of pay. For residential employees, the overtime rate applies after 44 hours.

Tips

A specified allowance may be credited toward the minimum wage for tips earned.

Meals and Lodging

A specific credit may be granted toward the minimum wage for meals and/or lodging provided by the employer.

Federal Law

Employees covered under the federal Fair Labor Standards Act must be paid in accordance with State law and also in accordance with higher federal requirements, where applicable.

Other Wage Requirements

A specific amount must be paid, in addition to the minimum wage, for the maintenance of required uniforms.

There are provisions for other supplemental wages in New York State Industry wage orders. These may include a part-time rate, daily call-in pay and a rate for split shift or spread of hours. Whether a particular supplemental wage applies depends on the provisions of the industry wage order covering the employment.

For additional information or to file a complaint

Write or call the Department of Labor, Division of Labor Standards at one of the offices listed below:

State Office Building Campus
Albany, NY 12240
(518) 457-2730

44 Hawley Street
Binghamton, NY 13901
(607) 721-8014

65 Court Street
Buffalo, NY 14202
(716) 847-7141

400 Oak Street
Garden City, NY 11530
(516) 794-8195

75 Varick Street, 7th Floor
New York, NY 10013
(212) 775-3880

109 S. Union Street
Rochester, NY 14607
(585) 258-4550
(Subdistrict)

333 E. Washington Street
Syracuse, NY 13202
(315) 428-4057

120 Bloomingdale Road
White Plains, NY 10605
(914) 997-9521

For additional information:
www.labor.ny.gov

Pago por horas extras

En la mayoría de puestos laborales, los empleados deben recibir una paga de tiempo y medio de la tarifa regular por hora cuando las horas trabajadas exceden las 40 horas semanales. Los empleados que residen en el sitio de trabajo, deben recibir una paga de tiempo y medio de su tarifa regular por hora en exceso de 44 horas semanales.

Propinas

Se puede acreditar al salario mínimo una cantidad específica por las propinas ganadas.

Comidas y Alojamiento

Se puede acreditar una cantidad específica al salario mínimo por comidas y/o alojamiento provistos por el patrono.

Ley Federal

Los empleados protegidos por la Ley Federal de Normas Equitativas del Trabajo (Federal Fair Labor Standards Act) deben ganar salarios según lo estipulan las leyes estatales y en conjunto con los requisitos superiores federales, según convenga.

Otros requisitos salariales

Se debe pagar una cantidad específica, además del salario mínimo, por el mantenimiento de uniformes obligatorios.

Existen otras disposiciones sobre pagos suplementarios en las ordenanzas industriales del Estado de Nueva York. Dichas disposiciones contienen una tarifa por trabajo a medio tiempo, trabajo diario casual, turnos divididos o por horas repartidas. Si un pago suplementario es pertinente o no, depende de las disposiciones regentes en el tipo de industria vinculada al trabajo en desempeño.

Si necesita más información o si quiere presentar una queja por favor escriba o llame al

Departamento del Trabajo División de Normas Laborales a cualquiera de las oficinas siguiente:

Form W-4 (2012)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2012 expires February 18, 2013. See Pub. 505, Tax Withholding and Estimated Tax.

Note. If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$950 and includes more than \$300 of unearned income (for example, interest and dividends).

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity

income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2012. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. The IRS has created a page on IRS.gov for information about Form W-4, at www.irs.gov/w4. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted on that page.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A _____
B	Enter "1" if: <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. 	B _____
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C _____
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D _____
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E _____
F	Enter "1" if you have at least \$1,900 of child or dependent care expenses for which you plan to claim a credit	F _____
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. <ul style="list-style-type: none"> • If your total income will be less than \$61,000 (\$90,000 if married), enter "2" for each eligible child; then less "1" if you have three to seven eligible children or less "2" if you have eight or more eligible children. • If your total income will be between \$61,000 and \$84,000 (\$90,000 and \$119,000 if married), enter "1" for each eligible child 	G _____
H	Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶	H _____

For accuracy, **complete all worksheets that apply.**

- If you plan to **itemize** or **claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you are **single and have more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed \$40,000 (\$10,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Allowance Certificate</h2> <p style="margin: 0;">▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold; margin: 5px 0;">2012</div>
1 Your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)		5 _____
6 Additional amount, if any, you want withheld from each paycheck		6 \$ _____
7 I claim exemption from withholding for 2012, and I certify that I meet both of the following conditions for exemption. <ul style="list-style-type: none"> • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶		7 _____
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (This form is not valid unless you sign it.) ▶		Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)		9 Office code (optional) 10 Employer identification number (EIN)

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1	Enter an estimate of your 2012 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 7.5% of your income, and miscellaneous deductions	1	\$ _____
2	Enter: $\left\{ \begin{array}{l} \$11,900 \text{ if married filing jointly or qualifying widow(er)} \\ \$8,700 \text{ if head of household} \\ \$5,950 \text{ if single or married filing separately} \end{array} \right\}$	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter "-0-"	3	\$ _____
4	Enter an estimate of your 2012 adjustments to income and any additional standard deduction (see Pub. 505)	4	\$ _____
5	Add lines 3 and 4 and enter the total. (Include any amount for credits from the <i>Converting Credits to Withholding Allowances for 2012 Form W-4</i> worksheet in Pub. 505.)	5	\$ _____
6	Enter an estimate of your 2012 nonwage income (such as dividends or interest)	6	\$ _____
7	Subtract line 6 from line 5. If zero or less, enter "-0-"	7	\$ _____
8	Divide the amount on line 7 by \$3,800 and enter the result here. Drop any fraction	8	_____
9	Enter the number from the Personal Allowances Worksheet , line H, page 1	9	_____
10	Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earners/Multiple Jobs Worksheet , also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1	10	_____

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1	Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)	1	_____
2	Find the number in Table 1 below that applies to the LOWEST paying job and enter it here. However , if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than "3"	2	_____
3	If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter "-0-") and on Form W-4, line 5, page 1. Do not use the rest of this worksheet	3	_____

Note. If line 1 is **less than** line 2, enter "-0-" on Form W-4, line 5, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.

4	Enter the number from line 2 of this worksheet	4	_____
5	Enter the number from line 1 of this worksheet	5	_____
6	Subtract line 5 from line 4	6	_____
7	Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here	7	\$ _____
8	Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed	8	\$ _____
9	Divide line 8 by the number of pay periods remaining in 2012. For example, divide by 26 if you are paid every two weeks and you complete this form in December 2011. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	9	\$ _____

Table 1				Table 2			
Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are--	Enter on line 2 above	If wages from LOWEST paying job are--	Enter on line 2 above	If wages from HIGHEST paying job are--	Enter on line 7 above	If wages from HIGHEST paying job are--	Enter on line 7 above
\$0 - \$5,000	0	\$0 - \$8,000	0	\$0 - \$70,000	\$570	\$0 - \$35,000	\$570
5,001 - 12,000	1	8,001 - 15,000	1	70,001 - 125,000	950	35,001 - 90,000	950
12,001 - 22,000	2	15,001 - 25,000	2	125,001 - 190,000	1,060	90,001 - 170,000	1,060
22,001 - 25,000	3	25,001 - 30,000	3	190,001 - 340,000	1,250	170,001 - 375,000	1,250
25,001 - 30,000	4	30,001 - 40,000	4	340,001 and over	1,330	375,001 and over	1,330
30,001 - 40,000	5	40,001 - 50,000	5				
40,001 - 48,000	6	50,001 - 65,000	6				
48,001 - 55,000	7	65,001 - 80,000	7				
55,001 - 65,000	8	80,001 - 95,000	8				
65,001 - 72,000	9	95,001 - 120,000	9				
72,001 - 85,000	10	120,001 and over	10				
85,001 - 97,000	11						
97,001 - 110,000	12						
110,001 - 120,000	13						
120,001 - 135,000	14						
135,001 and over	15						

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.