

Budget Sense

Serving Homeowners Associations, Condominiums and Cooperatives Since 1974

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Fall 2011

State Income Taxes – Pay Electronically In 2012

Earlier this year, the IRS began requiring businesses to pay their Federal income taxes electronically. This has proved to have many positive benefits, which is why beginning next year, our firm recommends that our clients also pay their State income taxes electronically.

BENEFITS

- ✓ No checks to mail – save time and postage
- ✓ Payments applied accurately to correct tax year, tax and entity
- ✓ Schedule future payments
- ✓ No concerns over lost checks

Beginning January 2012, you will notice that our firm's instructions for making estimated payments, extension payments, and payments necessary with the filing of tax returns will be instructing you to pay electronically, rather than by check. This will eliminate the need to send any extension checks to our office. Once you have transitioned to the electronic payment system, it will also be easier to ensure that payments are timely, and applied to the correct tax year, type of tax and entity.

When registering, have your Association's Federal Employer Identification Number (EIN), legal name, address, bank routing number and account number, contact person, and for Virginia, the most recent year's tax liability amount.

HOW TO REGISTER

Virginia

www.business.tax.virginia.gov
(804) 367-8037

Maryland

<https://interactive.marylandtaxes.com/Business/bFile>
(800) 638-2937

District of Columbia

www.taxpayerservicecenter.com/eRegistration/
(202) 727-4829

Sign-up now to take advantage of the many benefits of going electronic and get ready to say goodbye to those coupon booklets. **Register with your State today!**



Why An Extension Is In Your Best Interest

Tax filing due dates...mark your calendar!

For most Associations, the IRS income tax filing deadline is two and a half months after the end of the fiscal year. A six-month extension is available and recommended. For example, for an Association with a calendar year end, the original due date is March 15th, and the extended due date is September 15th. Generally, our firm's policy is to prepare extensions for all of our clients. This allows time to implement any late tax law changes that would benefit our clients.



Federal Tax Credit for Health Insurance Premiums – *Continues for 2011 Tax Year*

For tax years 2011 through 2014, the IRS will continue the tax credit for health insurance premiums, which began in 2010.

If the employer pays at least 50% of the health insurance premiums, the credit applies to businesses with less than 25 full-time employees and average annual wages of less than \$50,000. Part-time employees may be combined to determine an equivalent number of full-time employees based on

hours worked. To determine the credit, there is a sliding scale that 'phases out' between 10 and 25 employees, and between \$25,000 and \$50,000 in average wages. The maximum available credit is 35% of the premiums paid, and it would go to those associations with 10 or fewer employees and \$25,000 or less in average wages.

To assist us in determining if your Association qualifies for the credit, we will ask for some additional information when we complete the 2011 audit or income tax return.

ITEMS WE WILL NEED TO REVIEW

- Annual hours worked per employee (both part-time and full-time employees)
- Annual health insurance premiums paid per employee
- Annual health insurance premiums withheld per employee (paid by employee)
- Percentage of health insurance premiums paid by employer

**ARE YOU
PAYING
YOUR
SALES
TAXES?**



If an Association purchases items from another state or online – sales taxes are still due.

Associations should keep this in mind and plan for a way to account for these additional sales tax obligations.

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