

Goldklang & Group

CPAs, P.C.

There are several important changes regarding taxation for Associations. Please be sure to read this bulletin as these changes may affect your Association.

ALERT: IRS to Discontinue Paper Deposit Coupons on December 31, 2010



Starting on January 1, 2011, the IRS will no longer accept any tax payments made with paper deposit coupons (Form 8109). Tax payments will only be accepted through the Electronic Federal Tax Payment System (EFTPS).

EFTPS is a free service offered by the U.S. Department of the Treasury to help taxpayers make tax payments electronically from their bank accounts by going online or by telephone.

Enrollment must be completed by visiting www.eftps.gov. If you have questions about enrollment you may contact EFTPS at 1-800-555-4477. After you complete the online enrollment, you will receive a PIN number in the mail about 7 days later.

Once you complete the enrollment process, which takes about 7 days, payments may be scheduled as early as 1 business day before the due date, or up to 120 days in advance. You may initiate payments in two ways: online or by telephone. For payments made online, you may print out a confirmation page, and for telephone payments, a confirmation number is provided.

With EFTPS, only the taxpayer may initiate a payment. Therefore, the IRS cannot initiate payments

IRS to Discontinue Paper Deposit Coupons on December 31, 2010 (Continued)

from your association's bank account. For delinquent taxpayers, if necessary, the IRS must still use the same legal process to initiate a bank levy as it would use for taxpayers not enrolled in EFTPS.

You should sign up as soon as possible if your association is not already registered with EFTPS. The IRS is expecting a large volume of new registrants and questions, so signing up well before your next tax payment deadline is strongly recommended.

For calendar year taxpayers, the first due date under this new EFTPS requirement will be March 15, 2011. So get ready to say goodbye to those coupon booklets and visit www.eftps.gov today!

Unusual Income – Let Us Know

Has your community received any unusual income lately? Examples would include easements, condemnation funds, declarant settlements, sales of property, antenna space rental agreements, marketing support agreements, etc.



If so, please contact our office. We would like to help your community determine if there are any tax issues.

Goldklang Group CPAs, P.C.
1801 Robert Fulton Drive
Suite 200
Reston, Virginia 20191

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Tax Credit for Health Insurance Premiums?

Does your association pay at least 50% of its employees' health insurance premiums? If so, your association may be eligible for a new tax credit on the 2010 income tax returns. While some additional work will be necessary to make the calculation, it may pay off with a nice tax benefit.

This new tax credit is intended to be for small businesses and tax-exempt groups. However, the IRS has not yet finalized the regulations. So far, to the best of our knowledge, it appears to be applicable to common interest realty associations (CIRAs). That is, we have not yet found any evidence that CIRAs are excluded.

The credit applies to entities 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 entities with 10 or fewer employees and \$25,000 or less in average wages.

Tax Credit for Health Insurance Premiums? (Continued)

If your community has employees, we will ask for some additional information when we are working on the 2010 audit or income tax returns. This will help us to determine if your community qualifies for the credit. Here are some items to have ready for us:

- Number of full-time employees
- Number of part-time employees
- Annual hours worked by part-time employees
- Percentage of health insurance premiums paid by employee & employer
- Total cost of health insurance premiums paid by employer



Visit our website for a copy of this newsletter or for more information on auditing and taxation!