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Have a Question?

If you have a subject or question that you would like covered, or comment, please email us at jenny@jajonescpa.com

JENNIFER A. JONES, CPA, LTD.

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Client Newsletter

January 2006

Articles

[Choosing the Retirement Solution for Your Small Business](#), IRS Pub. 3998, that highlights the primary types of retirement plans and their key features. Also see [The Retirement Plan Products Navigator](#): a new IRS publication that provides assistance to finding the products and information you need in learning the benefits of having a retirement plan for your business, deciding which plan is best suited for your business, administering your plan, and correcting mistakes. IRS Pub. 4460. Click on headline for full article. If link does not work, go to www.irs.gov/pub/irs-pdf/p3998.pdf and/or www.irs.gov/pub/irs-pdf/p4460pdf

[IRS to Increase Audits Next Year](#): The IRS plans to increase the number of tax audits it conducts next year and focus more of its resources investigating taxpayers with income of \$100,000 and above. Click on headline for full article.

[Business Expense Reimbursements to Employees: How to Avoid Payroll Taxability](#): an employer has three ways to reimburse an employee for their business expenses. The taxability of these employer payments depends on what the employer requires and what the employee does with any unused funds and if/how the employee substantiates to use of the funds spent for business purposes. Click on headline for full article.

[Gifts to Employees](#): the basic rules include a \$25/year limit. However, cash, or items easily converted to cash, such as gift certificates and gift cards are always taxable. Click on headline for full article.

[Ways to Use Your FSA Money So That You Don't Lose It](#) *By Kay Bell*
If you don't use your FSA money by the end of your benefit year, generally you lose it. Complaints about this restriction prompted the IRS to change the rules earlier this year. Now participants can make claims against their accounts for up to two and a half months after the end of their benefit year. If you're on a calendar benefit year, you can use your 2005 contributions for expenses incurred as late as March 15, 2006. The hang-up here is that it's up to employers to implement the extended-access option. Not all have. Click on headline for full article.

[Previous Articles](#)

The Cost-of-Living Dollar Limits for 2006

IRA Contribution Limit \$4,000
IRA 50 & Over Catch-up Contribution \$1,000
401(k) deferral limit \$15,000
401(k) 50 & Over Catch-up Contribution \$5,000
SIMPLE Deferral limit \$10,000
SIMPLE 50 & Over Catch-up Contribution \$2,500
Annual Compensation limit \$220,000
Defined Contribution IRC Sec 415 limit \$44,000
Compensation limit for SEP eligibility \$450
IRC Section 179 \$105,000 (not yet updated)
Estate Tax Exclusion \$2,000,000

2006 Standard Mileage Rates:

Business mileage rate \$0.445/mile
Medical & Moving mileage rate \$0.18/mile
Charitable mileage rate \$0.14/mile
Hurricane Katrina Relief Services \$0.32/mile

1st Year depreciation limits:

Passenger Autos \$2,960
Trucks & Vans under 6,000 unloaded GVW \$3,260
Vehicles over 6,000 unloaded GVW \$25,000

(not yet updated for 2006)

Prior Years' Cost of Living Dollar Limits

Social Security

Wage Base for 2006 \$94,200

Retirees under 65 may earn up to \$12,480 (\$1,040 a month). For each \$2 earned over the amount for the year, the retiree loses \$1 in benefits. Retirees turning 65 in 2006 can earn up to \$33,240 in the year without losing benefits, counting only earnings before the month they turn 65. For each \$3 earned over this limit, the retiree loses \$1 in benefits. No limit if 65 or over, effective January 1, 2000.

As you work and pay Social Security taxes, you earn "Credits", up to a maximum of 4 for each year. The amount of earnings it takes to earn a credit changes each year. In 2006, you earn one credit for each \$970 of your earnings. So if you have earned at least \$3,880 during the year, you get the maximum 4 credits. If you employ family members, you may want to be sure to pay them at least this amount so they earn their credits.

See www.ssa.gov for more info on Social Security and www.cms.hhs.gov for info on Medicare and Medicaid

Full Retirement Age for Social Security Benefits

Date of Birth	Full Retirement Age
1937 or earlier	65 years
1938	65 years + 2 months
1939	65 years + 4 months
1940	65 years + 6 months
1941	65 years + 8 months
1942	65 years + 10 months
1943-1954	66 years
1955	66 years + 2 months
1956	66 years + 4 months
1957	66 years + 6 months
1958	66 years + 8 months
1959	66 years + 10 months
1960 or later	67 years

DEADLINES

January - March

January

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, quarterly and monthly filers
1040-ES voucher #4 due
Virginia, DC and Maryland individual estimated tax payment #4 due

20

Virginia and Maryland sales tax return and payment due, quarterly and monthly filers
DC income tax withheld return and payment due, quarterly and monthly filers

31

Form 941 due
Virginia income tax withheld return and payment due, quarterly and monthly filers
Maryland income tax withheld return and payment due, quarterly and monthly filers
State unemployment tax returns and payment due
Employees' Forms W-2 and recipient's 1099s must be provided
State annual summary card and transmittal of state copies of Forms W-2 due
Form 940 and related fed tax deposit/payment due
City of Fairfax business license renewal application and payment due
City of Alexandria business license renewal application and payment due
County of Arlington business license renewal application and payment due
County of Prince William business renewal application and payment due

February

1

County of Loudoun personal property tax return due

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
Maryland income tax withheld return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers
DC income tax withheld payment return and payment due, monthly filers
Virginia and Maryland sales tax return and payment due, monthly filers

28

Forms W-3/W-2 must be filed with Social Security Administration
Forms 1096/1099 must be filed with Internal Revenue Service

March

1

County of Fairfax BPOL renewal applications and payment due
County of Loudoun business license renewal application and payment due
City of Falls Church business license renewal application and payment due
Town of Purcellville business license renewal application and payment due

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
Maryland income tax withheld return and payment due, monthly filers
Calendar year Federal, DC and Maryland corporate tax returns due

20

Virginia income tax withheld return and payment due, monthly filers
DC income tax withheld payment return and payment due, monthly filers
Virginia and Maryland sales tax return and payment due, monthly filers

DEADLINES

April – June

April

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, quarterly and monthly filers
State of Maryland personal property return and payment due
County of Prince William personal property return is due

Individual Federal income tax returns due
Individual DC and Maryland income tax returns due
Form 1040-ES voucher #1 with payment due
Traditional & Roth IRA Contributions
for prior year due

DC and Maryland estimated tax payment #1 due
Calendar year Virginia corporate tax returns due

20

Virginia and Maryland sales tax return and payment due, quarterly and monthly filers
DC income tax withheld return and payment due, quarterly and monthly filers

30

Form 941 due
Virginia income tax withheld return and payment due, quarterly and monthly filers
Maryland income tax withheld return and payment due, quarterly and monthly filers
State unemployment tax returns and payment due
Form 940 federal tax deposit due

May

1

Virginia Individual income tax returns due
Virginia estimated tax payment #1 due
City of Alexandria business tangible personal property return due
County of Arlington business tangible personal property return due
County of Fairfax business tangible personal property return due
City of Fairfax business tangible personal property return due

15

Monthly-filers Form 941 federal tax deposit due
Maryland income tax withheld return and payment due, monthly filers
DC sales tax return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers
DC income tax withheld payment return and payment due, monthly filers
Virginia and Maryland sales tax return and payment due, monthly filers

June

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
DC Arena Fee Return and payment due
Form 1040-ES voucher #2 with payment due
DC, Virginia and Maryland individual estimated tax payment #2 due
Maryland income tax withheld return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers
DC income tax withheld payment return and payment due, monthly filers
Virginia and Maryland sales tax return and payment due, monthly filers

DEADLINES

July – September

July

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, quarterly and monthly filers
Maryland income tax withheld return and payment due, monthly filers

20

Virginia and Maryland sales tax return and payment due, quarterly and monthly filers

DC income tax withheld return and payment due, quarterly and monthly filers

31

Form 941 due

Virginia income tax withheld return and payment due, quarterly and monthly filers

Maryland income tax withheld return and payment due, quarterly and monthly filers

State unemployment tax returns and payment due

DC Personal Property Tax

Return and payment due

Form 940 federal tax deposit due

Form 5500 Annual Return/Report of Employee Benefit Plan due

August

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
Maryland income tax withheld return and payment due, monthly filers

Federal, DC and Maryland Individual Income Tax Returns due, if Form 4868 or first extension request was filed

20

Virginia income tax withheld return and payment due, monthly filers

DC income tax withheld payment return and payment due, monthly filers

Virginia and Maryland sales tax return and payment due, monthly filers

September

1

Virginia Individual Income Tax return due, if Form 760-E was filed

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers

Form 1040-ES voucher #3 with payment due

DC, Virginia, and Maryland individual estimated tax payment #3 due

Maryland income tax withheld return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers

DC income tax withheld payment return and payment due, monthly filers

Virginia and Maryland sales tax return and payment due, monthly filers

DEADLINES

October – December

October

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, quarterly and monthly filers
Maryland income tax withheld return and payment due, monthly filers

Federal, DC and Maryland Individual Income Tax Returns final due date, if Form 2688 or additional extension was filed

20

Virginia and Maryland sales tax return and payment due, quarterly and monthly filers

DC income tax withheld return and payment due, quarterly and monthly filers

31

Form 941 due

Virginia income tax withheld return and payment due, quarterly and monthly filers

Maryland income tax withheld return and payment due, quarterly and monthly filers

State unemployment tax returns and payment due

Form 940 federal tax deposit due

November

1

Virginia Individual Income Tax Return, final due date if second Form 760-E was filed

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
Maryland income tax withheld return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers

DC income tax withheld payment return and payment due, monthly filers

Virginia and Maryland sales tax return and payment due, monthly filers

December

15

Monthly-filers Form 941 federal tax deposit due
DC sales tax return and payment due, monthly filers
Maryland income tax withheld return and payment due, monthly filers

20

Virginia income tax withheld return and payment due, monthly filers

DC income tax withheld payment return and payment due, monthly filers

Virginia and Maryland sales tax return and payment due, monthly filers

31

Virginia, DC, and Maryland individual estimated tax payment #4, if you itemize your deductions

Websites of Interest

Small Business Sites

National Federation of Independent Business's tools and tips for small business owners at www.nfibonline.com

Current and archived versions of *Entrepreneur*, *BizStartups* and *HomeOfficemag* magazines www.entrepreneurmag.com

Free articles on buying, selling, or determining the value of your business at www.businessbookpress.com

Help for small businesses with sample business plans, employment and other legal forms, articles and guidance on various topics www.businessknowhow.com

To keep informed on tax related issues quickly and easily, visit Small Business and Self-Employed Community at <http://www.irs.gov/businesses/small/index.html>

The Center for Business Planning offers sample business plans, analyses of business strategies, info on evaluating business and marketing plans www.businessplans.org

Want to know what IRS examiners will look for, and how, when auditing certain industries?
<http://www.irs.gov/businesses/small/article/0,,id=108149,00.html> (cut & paste this URL in your browser's address box)

Tools for evaluating the lease vs. purchase of a new vehicle: www.leaseguide.com/index2.htm

How do your employee benefits compare with the federal government's? <http://www.opm.gov/oca/leave/HTML/factindx.asp>

College Savings

College Savings and 529 Plans: www.collegesavings.org www.savingforcollege.com
www.dccollegesavings.com www.collegesavingsmd.org www.virginia529.com

College savings and 529 Plan rebates www.upromise.com

Retirement Savings and Retirement Plan Information

To determine your required minimum distribution: <http://www.newrmd.com/>

Roth IRA information: www.rothira.com

Retirement Plan options <http://www.dol.gov/ebsa/pdf/choosing.pdf>

Retirement Plan Dollar Limitations (COLA): http://www.irs.gov/pub/irs-tege/cola_table.pdf

Small Business 401(k) Plans: <http://www.dol.gov/ebsa/publications/401kplans.html>

T Rowe Price-Retirement Income Calculator: http://www3.troweprice.com/ric/RIC/?scn=Online_Features&rfgid=8304

General Interest

Product reviews www.consumerreview.com

Missing Records and Unclaimed Property

To track down missing records, locate lost assets, or discover property you didn't know you had:

Birth, marriage, and death certificates www.cdc.gov/nchs/howto/w2w/w2welcom.htm

Military records www.nara.gov/regional/mprsf180.html

Missing a pension from a previous employer www.pbgc.gov

Holders of abandoned or unclaimed property reporting requirements (new rules effective 7/1/04):

Maryland: <http://compnet.comp.state.md.us/compliance/>

Virginia: <http://www.trsvirginia.gov/ucp/ucp.asp>

DC: <http://cfo.dc.gov/cfo/cwp/view,a,1326,q,590614,cfoNav,1332081.asp>

Estate Planning

To assist in various aspects of estate planning: <http://www.learnestateplanning.com/index.html>