

The ABC's of Business Tax Compliance



Marie Wright

Senior Stakeholder Liaison

February 27, 2014

Agenda



- Key Tips For Small Businesses
- Third Party Payers
- Small Business Resources

Eight tips for business owners

1. Classify workers properly
2. Deposit trust fund employment taxes
3. Pay estimated tax payments
4. File and pay all taxes electronically

Eight tips for business owners

5. Keep good records
6. Protect financial and tax records
7. Consider hiring a tax professional
8. Avoid abusive tax scams

1. Classify workers properly

You must first know the business relationship that exists between you and the person performing the services

Factors to include:

- Behavioral control
- Financial control
- Relationship of the parties

2. Deposit trust fund employment taxes

The following federal employment taxes must be deposited on a timely schedule:

- Federal income tax withholding
- Social Security and Medicare Taxes (FICA)
- Federal Unemployment Tax (FUTA)

3. Pay estimated tax payments

- Estimated tax is the method used to pay taxes on income that is not subject to withholding
- Estimated tax is used to pay your income tax and self-employment tax on a quarterly basis

3. Pay estimated tax payments

Periodic Payments	Due Date
1 st payment	April 15
2 nd payment	June 15
3 rd payment	September 15
4 th payment	January 15

4. File and pay taxes electronically

- The Electronic Federal Tax Payment System is a tax payment system provided free by the U.S. Department of Treasury

4. File and pay taxes electronically

EFTPS is:

- Secure
- Fast
- Accurate
- Convenient (available 24/7)
- Easy to use (Internet or phone)
- Helps reduce penalties

5. Keep good records

Good records will help you:

- Monitor the progress of your business
- Prepare your financial statements
- Identify source of receipts

5. Keep good records

Good records will help you:

- Keep track of deductible expenses
- Prepare your tax returns
- Support items reported on tax returns

6. Protect financial and tax records

- Planning what to do in case of a disaster is an important part of being prepared
- The Internal Revenue Service encourages taxpayers to safeguard their records

7. Consider hiring a tax professional

- Choose a tax preparer wisely
- They can help assure filing deadlines and deposit requirements are met and greatly streamline business operations

8. Avoid abusive tax scams

What is a tax scheme?

- Sound too good to be true
- **Form over substance** are the most important words to remember before buying into any arrangements that promise to "eliminate" or "substantially reduce" tax liability.

Third Party Payer



2/27/2014



Payroll Service Providers (PSPs)

Many employers outsource their payroll and related tax duties, the 3rd party payers will:

- Administer payroll and employment taxes
- Provide assistance in meeting filing deadlines and deposit requirements
- Streamline business operations

Types of Third Party Payers

Common third party arrangements include:

- Payroll Service Providers (PSPs)
- Reporting Agents
- Section 3504 Agents
- Professional Employer Organizations (PEOs)

Reminder: Employers are ultimately responsible for the payment of income tax withheld (employer and employee portions of social security and Medicare taxes). See Fact Sheet 2013-9 Tips for Employers Who Outsource Payroll Duties



Electronic Federal Tax Payment System

The EFTPS is:

- Mandatory
- Secure, accurate and easy to use
- Available to be viewed online after enrollment
- EFTPS Inquiry PIN

The system:

- Provides immediate confirmation for each transaction
- Maintains a history for 16 months



Employment Tax Investigations

Can result in:

- Prosecutions of individuals and companies, acting under the guise of a third party payroll service.

For more information, visit [IRS.gov](https://www.irs.gov) and type in the key search words “employment tax investigations.”

- Liabilities for employers who are ultimately responsible for the payment of income tax withheld (employer and employee portions of social security and Medicare taxes).



Our goal



Abusive Promotions and Preparers

Form 14242

Report Suspected Abusive Tax Promotions or Preparers

OMB Number
1545-2219

Use Form 14242 to report a suspected abusive tax avoidance scheme and/or tax return preparers who promote such schemes. More information about tax avoidance schemes is available at www.irs.gov/scams.

Answer the following questions as accurately as possible. Fields on this form have been designed to expand as additional information is entered.

Mail the completed form to:

Internal Revenue Service
Lead Development Center
Stop MS5040
24000 Avila Road
Laguna Niguel, CA 92677

You may also **FAX** your completed form to (877) 477-9135.

1. a. Describe the suspected tax scheme being promoted

b. Was the tax scheme promoted as a "new" legal tax strategy

Yes

No

2013 Dirty Dozen

1. Identity Theft
2. Phishing
3. Return Preparer Fraud
4. Hiding Income Offshore
5. “Free Money” from the IRS & Tax Scams Involving Social Security
6. Impersonation of Charitable Organizations
7. False/Inflated Income and Expenses
8. False Form 1099 Refund Claims
9. Frivolous Arguments
10. Falsely Claiming Zero Wages
11. Disguised Corporate Ownership
12. Misuse of Trusts



2012 Top five issues

- First Time Home Buyers Credit
- False or inflated business income/deductions
- False EITC
- 1099-OID
- IRC Section 419

Small Business Resources

- Online at IRS.gov
- Virtual – Videos, Webinars
- IRS Publications
- Social Media



IRS.gov Keyword: SmallBiz

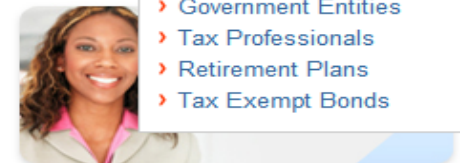
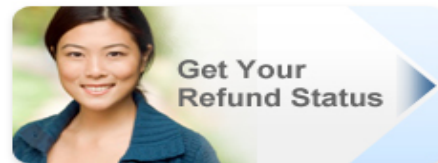


Subscriptions Language Information For...

smallbiz

- Individuals
- Businesses**
- Charities & Non-Profits
- Government Entities
- Tax Professionals
- Retirement Plans
- Tax Exempt Bonds

Filing Payments Refunds Credits & Deductions News & Events Forms & Pubs Help & Resources



Forms and Pubs

- 1040
- 1040EZ
- 2290
- 2848
- 941
- Pub 15
- SS-4
- W-4
- 4506-T
- W-9
- More ...

Hot Topics

- Renew or Obtain a PTIN for 2014
- About Your 1099-K
- Pay Your Tax Bill
- Earned Income Tax Credit
- Affordable Care Act Tax Provisions
- More ...

Tools

- Request an Electronic Filing PIN
- Order a Return or Account Transcript
- Use the Interactive Tax Assistant
- Apply for an EIN Online
- First Time Homebuyer Credit Look-up
- More ...

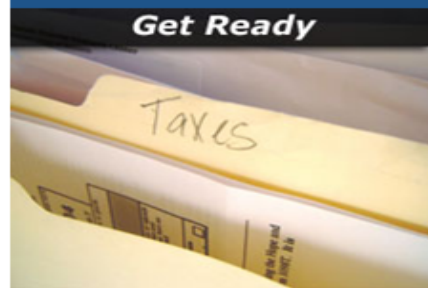
Filing & Payment



News

- IRS Warns of Telephone Scam
- 2014 PTIN Renewal Period Underway
- Advocate Delivers Report to Congress
- Legal Same-Sex Marriages Recognized For Federal Tax Purposes
- More ...

Free File 2014 Filing Season Ready Identity Theft Help for Tax Exempts Premium Tax Credit

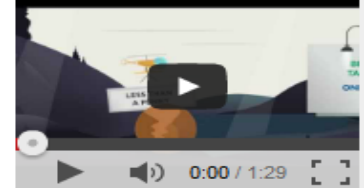


The 2014 Tax Season Opens Jan. 31
The new opening date will allow the IRS time to program and test its processing systems.

New Tax Guide Helps With 2013 Taxes
Taxpayers can get a jump on their returns with a newly revised tax guide.

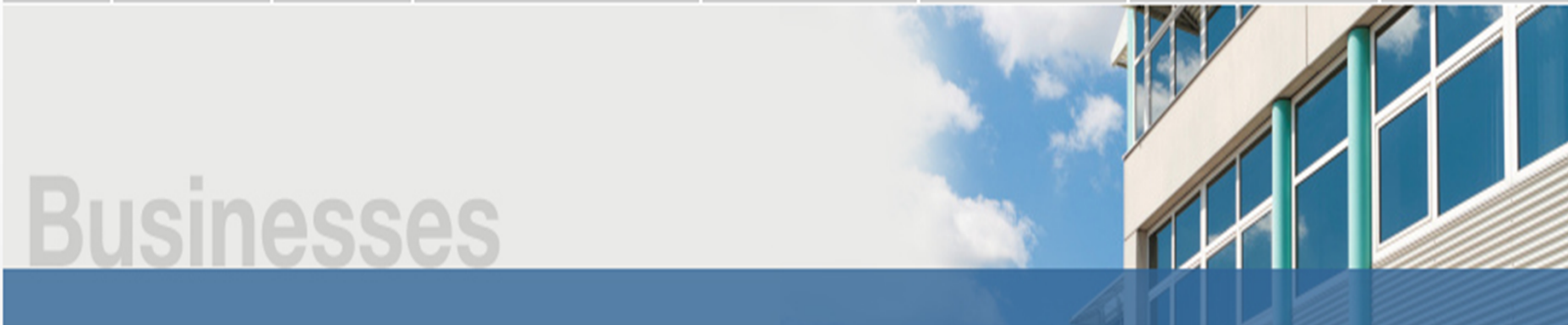
Watch These Videos to Prepare for Filing Season
The IRS offers a number of videos to prepare for the filing season.

Social Media



Welcome to Free File





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International Businesses

Small Businesses & Self Employed

Businesses Topics

- [Starting a Business](#)
- [Operating a Business](#)
- [Closing a Business](#)
- [Employer ID Numbers](#)
- [Small Business Events](#)

Tax Information For Businesses



[Small Business and Self-Employed Tax Center](#)

Access to tax information useful to small businesses with assets of \$10 million or less.

[Large Business and International Tax Center](#)

This page provides links which are helpful for large to mid-size businesses with assets greater than \$10 million

[Work Opportunity Tax Credit Extended](#)

Businesses, including tax-exempt employers, may qualify for the Work Opportunity Tax Credit for qualified veterans hired before January 1, 2014.

[Self-Employed Individuals Tax Center](#)

The basics on your tax responsibilities if you are self-employed or an independent contractor.

Online at IRS.gov



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Small Business/Self-Employed

- Industries/Professions
- International Taxpayers
- Self-Employed
- **Small Business/Self-Employed Home**

Small Business/Self-Employed Topics

- **A-Z Index for Business**
- Forms & Pubs
- Starting a Business
- Deducting Expenses
- Businesses with Employees
- Filing/Paying Taxes
- Post-Filing Issues
- Changing Your Business

Small Business and Self-Employed Tax Center



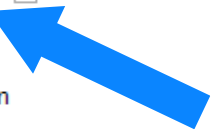
SB/SE serves taxpayers who file Form 1040, Schedules C, E, F or Form 2106, as well as small businesses with assets under \$10 million.

[A-Z Index for Business](#)

Find it Fast! Know what you're looking for and want to find it fast? Select business topics using our A-Z listing, or by business type such as sole proprietor, corporation, etc. We also provide links to major business subjects, such as Business Expenses, which provides a gateway to all related information on that subject.



- **[Small Business Forms and Publications](#)**
Download multiple small business and self-employed forms and publications.
- **[Employer ID Numbers \(EINs\)](#)**
Find out more on EINs or apply for one online.
- **[Starting, Operating, or Closing a Business](#)**
Important tax information related to the various stages of owning a business.
- **[Employment Taxes](#)**
Federal income tax, Social Security and Medicare taxes, FUTA, self-employment tax and more.
- **[Self-Employed Individuals Tax Center](#)**
The basics on self-employment, filing requirements, and reporting responsibilities for independent contractors.
- **[IRS Video Portal](#)**
Video, webinars and audio presentations for small businesses, individuals & tax pros.
- **[Small Business Events](#)**
Workshops and webinars on a variety of topics for small businesses.
- **[Online Tools & Educational Products](#)**
Choose from a variety of products, including the Tax Calendar desktop tool,



IRS Online Tax Calendar



Tools ↓ Language ↓ Information for ↓

- [Help](#)
- [Print Tax Dates](#)
- [Subscribe to this Calendar](#)
- [Install the Desktop Calendar](#)
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Tax Calendar for Businesses & Self-Emp

← ← January 2014 → →

29	30	31	1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	1
2	3	4	5	6	7	8

Show Event Types:

- [General](#)
- [Monthly Depositor](#)
- [Semiweekly Depositor](#)
- [Excise](#)

- Th 2** Deposit payroll tax for payments on Dec 25-27 if
- Mo 6** Deposit payroll tax for payments on Dec 28-31 if
- We 8** Deposit payroll tax for payments on Jan 1-3 if the semiweekly deposit rule applies.
- Fr 10** Employers: Employees are required to report to you tips of \$20 or more earned during Dec 2013
- Fr 10** Deposit payroll tax for payments on Jan 4-7 if the semiweekly deposit rule applies.
- We 15** Individuals: Pay the final installment of your 2013 estimated tax. Use Form 1040-ES.
- We 15** Farmers and fishermen: Pay your estimated tax for 2013. Use Form 1040-ES.
- We 15** Employers: Deposit payroll tax for Dec 2013 if the monthly deposit rule applies.
- We 15** Deposit payroll tax for payments on Jan 8-10 if the semiweekly deposit rule applies.
- Fr 17** Deposit payroll tax for payments on Jan 11-14 if the semiweekly deposit rule applies.
- Th 23** Deposit payroll tax for payments on Jan 15-17 if the semiweekly deposit rule applies.
- Fr 24** Deposit payroll tax for payments on Jan 18-21 if the semiweekly deposit rule applies.
- We 29** Deposit payroll tax for payments on Jan 22-24 if the semiweekly deposit rule applies.
- Fr 31** File Form 720 for the fourth quarter of 2013.
- Fr 31** Furnish Forms 1098, 1099 and W-2G to recipients for certain payments during 2013. Furnish Form W-2 to employees who worked for you during 2013.
- Fr 31** File Form 730 and pay the tax on wagers accepted during Dec 2013.
- Fr 31** Deposit any FUTA tax owed through Dec 2013.
- Fr 31** File Form 2290 and pay the tax for vehicles first used in Dec 2013.
- Fr 31** File Forms 940, 941, 943, 944 and/or 945 if you did not deposit all taxes when due.
- Fr 31** File your tax return if you did not pay your last installment of estimated tax by January 15th
- Fr 31** Deposit payroll tax for payments on Jan 25-28 if the semiweekly deposit rule applies.

IRS Small Business Workshops



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- International Taxpayers
- Self-Employed
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Small Business/Self-Employed Topics

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- Deducting Expenses
- Businesses with Employees
- Filing/Paying Taxes
- Post-Filing Issues
- Changing Your Business

Small Business Tax Workshops and Webinars

Small Business Webinars

The IRS broadcasts webinars on a variety of subjects aimed at educating small business owners on issues affecting them. Online access provides the convenience of viewing webinars whenever and wherever you choose.

Visit [Webinars for Small Businesses](#) for a list of upcoming webinars.

Small Business Tax Workshops

The Virtual Small Business Workshop is available on [online](#) to help new small business owners understand and meet their federal tax obligations.

Small business workshops, designed to help the small business owner understand and fulfill their federal tax responsibilities, are held at various locations throughout the country. Workshops are sponsored and presented by IRS partners specializing in federal tax.

Workshop topics vary from a general overview of taxes to more specific topics such as recordkeeping and retirement plans. Although most are free, some workshops have fees paid directly to the sponsoring organization, not the IRS.

Workshops in Spanish ([Talleres en español](#))

If you live near a state line, please look for workshops in nearby cities of the bordering state.

- [Alabama](#)
- [Alaska](#)
- [Arizona](#)
- [Arkansas](#)
- [California](#)
- [Colorado](#)
- [Connecticut](#)
- [Delaware](#)
- [District of Columbia](#)
- [Florida](#)

- [Kentucky](#)
- [Louisiana](#)
- [Maine](#)
- [Maryland](#)
- [Massachusetts](#)
- [Michigan](#)
- [Minnesota](#)
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- [Missouri](#)
- [Montana](#)

- [North Dakota](#)
- [Ohio](#)
- [Oklahoma](#)
- [Oregon](#)
- [Pennsylvania](#)
- [Rhode Island](#)
- [South Carolina](#)
- [South Dakota](#)
- [Tennessee](#)
- [Texas](#)



Videos

- › [IRS Video Portal](#)
- › [Virtual Small Business Tax Workshop](#)

IRS Video Portal: www.irsvideos.gov

IRS Video  PORTAL

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Businesses

Tax Professionals

Governments

Non-Profits

Español

TOPIC AREAS

- ▶ Bank Secrecy Act
- ▶ Business Expenses
- ▶ Business Income
- ▶ Changing Your Business
- ▶ Disaster Information
- ▶ Employers
- ▶ Filing/Paying Taxes
- ▶ IRS Audits
- ▶ IRS Liens
- ▶ Post-Filing Issues
- ▶ Resources
- ▶ Retirement Plans
- ▶ Scams & Fraud
- ▶ Small Biz Workshop
- ▶ Starting a Business

Information for **Small Businesses**

Use the buttons on the left to view all presentations in a specific category



▶ [All Presentations](#)

▶ [All Webinars](#)

▶ [All Phone Forums](#)

Virtual – Online Workshop



[Lesson 1](#) What you need to know about federal taxes and your new business

[Lesson 2](#) What you need to know about Schedule C and other small business taxes and tax forms

[Lesson 3](#) How to file and pay your taxes electronically

[Lesson 4](#) What you need to know when you run your business out of your home

[Lesson 5](#) How to set up a retirement plan for yourself and your employees

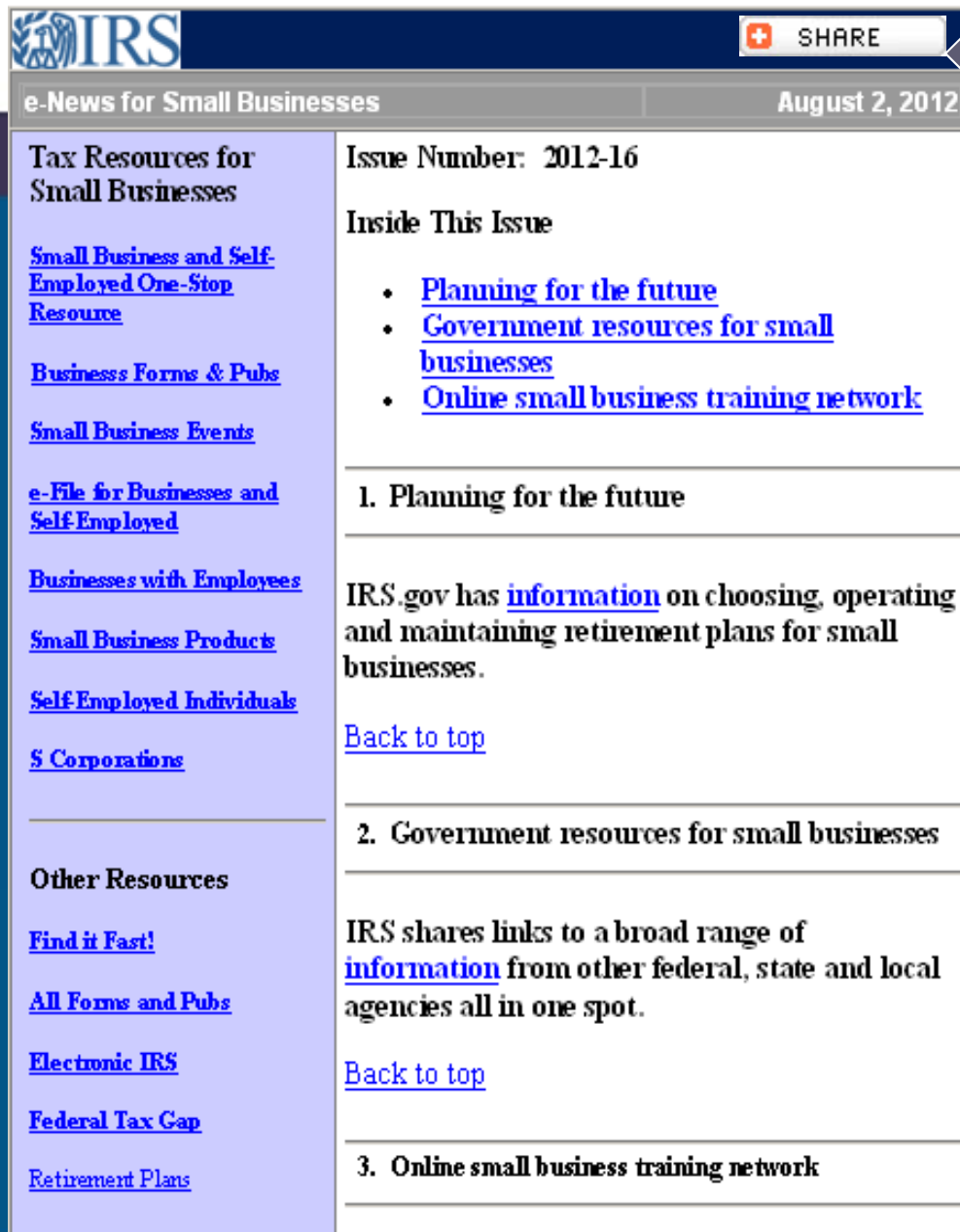
[Lesson 6](#) What you need to know about federal taxes when hiring employees or contractors

[Lesson 7](#) How to manage payroll so you withhold the correct amount from employees

[Lesson 8](#) How to make tax deposits and file a return to report your payroll taxes

[Lesson 9](#) Hiring people who live in the U.S. but who aren't U.S. citizens

IRS – eNews for Small Business Owners



IRS SHARE

e-News for Small Businesses August 2, 2012

Tax Resources for Small Businesses

- [Small Business and Self-Employed One-Stop Resource](#)
- [Business Forms & Pubs](#)
- [Small Business Events](#)
- [e-File for Businesses and Self-Employed](#)
- [Businesses with Employees](#)
- [Small Business Products](#)
- [Self-Employed Individuals](#)
- [S Corporations](#)

Other Resources

- [Find it Fast!](#)
- [All Forms and Pubs](#)
- [Electronic IRS](#)
- [Federal Tax Gap](#)
- [Retirement Plans](#)

Issue Number: 2012-16

Inside This Issue

- [Planning for the future](#)
- [Government resources for small businesses](#)
- [Online small business training network](#)

1. Planning for the future

IRS.gov has [information](#) on choosing, operating and maintaining retirement plans for small businesses.

[Back to top](#)

2. Government resources for small businesses

IRS shares links to a broad range of [information](#) from other federal, state and local agencies all in one spot.

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3. Online small business training network



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- News Releases
- IRS - The Basics
- IRS Guidance
- Media Contacts
- Facts & Figures
- Problem Alerts
- Around the Nation
- e-News Subscriptions

The Newsroom Topics

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IRS New Media

Connect with the IRS

The IRS uses social media tools to share the latest information on tax changes, initiatives, products and services. Connect with the IRS through the following social media tools.

IRS2Go

If you have an Apple iPhone or iPod touch, you can download the free IRS2Go app by visiting the iTunes app store. If you have an Android device, you can visit the Google Play Store to download the free IRS2Go app.

YouTube

Tune in to the IRS YouTube channels. You can watch short, informative videos in English, American Sign Language and other languages.

Twitter

IRS tweets include various tax-related announcements, news for tax professionals and hiring initiatives.

Tumblr

The IRS Tumblr blog provides current tax information.

Facebook

The IRS Return Preparer Facebook page posts useful information for tax professionals.

Audio files for Podcasts

Subscribe to IRS Podcasts on iTunes or download them from the [Multimedia Center](#).

Widgets

Post IRS widgets on your website or social media networks to help direct others to IRS.gov for complete details on a variety of topics. Get them and other tax products at [IRS Marketing Express](#).

Subscriptions

Sign up for free [e-News subscriptions](#) on many topics. This news is delivered straight to your inbox. See which ones you want to join.



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- IRSvideos Multilingual
- Taxpayer Advocate Service

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- IRS News
- Tax Professionals
- IRS en Espanol
- IRS Recruitment
- Taxpayer Advocate

Tumblr

- Internal Revenue Service

Facebook

- Internal Revenue Service
- Tax Professionals
- Taxpayer Advocate

Questions?

CONTACTS:

Marie Wright (DC/Maryland)

Marie.A.Wright@irs.gov

(443) 853-5062

