



# Getting Started with Your New Business



**HOLBROOK & MANTER, CPAs**  
PROFESSIONAL SERVICES FIRM

[HolbrookManter.com](http://HolbrookManter.com)

COLUMBUS | DUBLIN | MARION | MARYSVILLE

***Financial, Tax and Accounting  
Considerations of  
Starting a New Business***

Compliments of



775 Yard Street  
Suite 160  
Columbus, OH 43212  
P: 614.494.5300  
F: 614.494.5305

545 Metro Place S.  
Suite 100  
Dublin, OH 43017  
P: 614.766.3696  
F: 614.766.3605

181 E. Center St.  
Marion, OH 43302  
P: 740.387.8620  
F: 740.383.4676

103 Professional Parkway  
Marysville, OH 43040  
P: 937.644.8175  
F: 937.642.9147

[www.HolbrookManter.com](http://www.HolbrookManter.com)  
[info@HolbrookManter.com](mailto:info@HolbrookManter.com)

Note: This ***Starting a New Business*** publication is meant only to be a reference guide. Please note that the information contained herein is intended for informational purposes only. Please also note that the tax and other forms herein periodically change. Please contact us for the most recent forms.

**IRS CIRCULAR 230 NOTICE:** United States Treasury Regulations require us to notify you that any tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or tax-related matter.

**FINANCIAL CONSIDERATIONS  
OF  
STARTING A NEW BUSINESS**

**TABLE OF CONTENTS**

<b>INTRODUCTION</b>	1
<b>CHAPTER ONE: DEVELOPING A BUSINESS PLAN</b>	
Describing Your Business	2
Financial Management	3
Marketing Your Business	3
Operating Your Business	4
Helpful Resources	4
<b>CHAPTER TWO: SELECTING THE LEGAL ENTITY FOR YOUR ENTERPRISE</b>	
Sole Proprietorship	5
Partnerships	6
Corporations	7
Limited Liability Companies	8
<b>CHAPTER THREE: REGISTERING WITH TAX AUTHORITIES</b>	
Federal Requirements	10
State Requirements	11
<b>CHAPTER FOUR: ACCOUNTING AND BOOKKEEPING</b>	
Chart of Accounts	14
Cash or Accrual Accounting	15
Accounting Records and Record Keeping	16
A Word About Computers	17
Internal Control	18
<b>CHAPTER FIVE: PAYROLL TAXES</b>	
Available Publications	19
Tax Deposit Requirements	19
Federal Unemployment Taxes	20
Supplemental Wages	20
Fringe Benefits	21
Other Tax Requirements	22
Employee vs. Independent Contractor – 20 Factors	22
Tax Rates	25

<b>CHAPTER 6: SELECTING A YEAR-END</b>	
Which Month to Choose	26
How to Make the Election	26
Changing Your Year-end	27
<b>CHAPTER 7: INCOME AND COMMERCIAL ACTIVITY TAXES</b>	
Income Tax Forms	28
Estimates	29
Due Dates	29
Extensions	29
First Corporate Return	30
Tax Planning	30
State Taxes	31
Commercial Activity Taxes	31
Conclusion	31
<b>CHAPTER 8: CASH PLANNING AND FORECASTING</b>	
Starting the Analysis	32
Cash Collections	33
Disbursement	33
Projected Statement of Cash Flow	34
<b>CHAPTER 9: OBTAINING CREDIT AND FINANCING FOR YOUR COMPANY</b>	
How Do I Get Money?	37
Financing Alternatives	38
Debt Financing Sources	39
Equity Financing Sources	40
<b>CHAPTER 10: INSURANCE</b>	
Required Policies	42
<b>CHAPTER 11: SELECTING PROFESSIONAL ADVISORS</b>	44
<b>CONCLUSION</b>	45
<b>APPENDIX A: REGISTERING WITH TAX AUTHORITIES</b>	A-1
<b>APPENDIX B: ACCOUNTING AND BOOKKEEPING</b>	B-1
<b>APPENDIX C: PAYROLL TAX</b>	C-1
<b>APPENDIX D: INCOME TAX AND PROPERTY TAX</b>	D-1

# ***INTRODUCTION***

## INTRODUCTION

Congratulations! You are about to join the ranks of entrepreneurs who have chosen to use their particular skills and knowledge to create a new business. It is an opportunity for you to be your own boss and have financial independence while providing a needed service or product for your community. Starting a business is fairly simple. All it takes is a good idea, motivation, some research, a little capital, hard work, a place to start operations, and filing the correct forms with your local, state and federal government.

However, managing a business that will beat the odds and achieve long-term success is not that easy. Successful businesses are achieved through planning - lots of planning. You will need to consider issues such as which legal structure is best for you, how you will make sure that you comply with the extensive tax and information filing requirements, how you will obtain financing, and what kind of employees you will need to bring on as your company grows. These concerns need to be addressed and put into a comprehensive business plan early in the development of your business.

A comprehensive business plan is the cornerstone of any good business because it helps the entrepreneur focus on **future growth**. It is a road map to show investors, financial institutions, partners, and employees that your company has what it takes to succeed. This **NEW BUSINESS KIT** has been designed to help you, the entrepreneur, develop that all-important comprehensive business plan. Specifically, it will address financial management and the major tax and financial concerns you will face when starting your business.

You should consider one last point before you continue reading the **NEW BUSINESS KIT**. Internal Revenue Service Regulations are constantly changing. Congress is continually passing new laws. Although the information in this book is current at printing, new laws and regulations will affect your business. Please consult a business advisor before starting your new business.

We want your business to be an **outstanding** success! Our goal is to provide you with the highest quality technical support with attentive personal service at a reasonable cost. Whether it is tax, accounting, auditing, investment, or business services, or help with practice management, we would welcome the opportunity to work with you as your business advisors. The key is to help you work **ON** your business rather than **IN** it.

# **CHAPTER 1**

## ***DEVELOPING A BUSINESS PLAN***

## **CHAPTER ONE**

### **DEVELOPING A BUSINESS PLAN**

The first step in starting a business should be the development of a business plan. Many small businesses run into trouble and fail because the owners did not take the time to think about important considerations such as how the business would operate, how to raise needed capital, how to market the product or service, or when to bring on new employees. The business plan will help you, the entrepreneur, anticipate these issues and accomplish your goal of a financially successful, thriving business.

#### **Describing Your Business**

You wouldn't have started your business if you didn't think you could offer a better product or service than what is currently available. Describing that good idea on paper helps to establish goals and determine what you need to acquire and learn before you begin your business. When describing your business consider the following:

What is the product or service you will be providing?

How does your product or service compare to your competitor's?

What skills do you bring to the business?

What skills will you need to bring into the business?

What is the best legal structure for the business?

How much time will need to be devoted to the business?

What are some of the risks and benefits of this new business?

The description of your business is not just a description of the how to produce your product or offer your service. It should also be a summary of your goals, objectives, and commitment to the success of your business.

## **Financial Management**

It takes time for a new business to begin generating cash. A new owner must have not only money for the initial investment but also enough working capital to support the business during its initial phases. Many good businesses fail because there isn't sufficient money to begin operations, survive unexpected business slowdowns, or expand as needed. Therefore, a good business plan needs to address financial management. As you work on your financial plan, consider the following questions:

How much of an initial investment will be needed to start the business?

What is the source of the initial capital investment?

What kind of monthly budget will be needed to keep the business going?

What profits are expected in the first year and in subsequent years?

Who will maintain financial accounting records?

How will the records be kept?

What future events will require additional outlays of cash?

The financial management part of your business plan will be an invaluable tool as you approach lending institutions and investors to raise money for your business. It shows that you have thought through your business needs and have clear goals by which to measure your success.

## **Marketing Your Business**

A successful business depends not only on a good product and adequate financing, but also on marketing. The public needs to know that your product or service is available and that it is a good value. When developing a marketing strategy, consider the following:

What is the product or service you are promoting?

What is the demand for that product and service?

What and where is the market for your product or service?

How can your product or service be advertised?

What is your pricing strategy?

Are you able to market the product or service yourself, or will you need outside help?

## **Operating Your Business**

Keep in mind that your business is more than the product or service you are producing. It involves personnel, purchasing, billing, leasing, delivery, compliance, accounting, and on and on. A good business plan will anticipate what the business will be like and what is the best way to manage that business as it grows. As you consider your business operations, ask yourself the following questions:

Where will the business operate?

How will the business be managed on a daily basis?

What kind of personnel will be needed?

What will the hiring practices be?

How will the product or service be produced and delivered?

How will new equipment and inventory be purchased?

What billing procedures will you be using?

What are your insurance needs?

What are your compliance requirements?

The entrepreneurs who focus only on the product and not the operations of their business will soon find themselves overwhelmed by the daily activities of their business. By anticipating these and other issues, business owners will be able to focus on making their business grow successfully rather than keeping up with the daily demands of their business.

## **Helpful Resources**

There are a wide variety of resources available to help you develop a solid comprehensive business plan. The U.S. Small Business Administration has a number of publications designed to help you get started in your new business. They also have an excellent website ([www.sbaonline.sba.gov](http://www.sbaonline.sba.gov)) for the new business owner. The Ohio Department of Development produces the publication “Starting Your Business in Ohio.” This is an excellent resource that will guide you through many of the steps required for establishing your business in the state.

You also might want to take some time to read a few of the books written for entrepreneurs and business leaders. We highly recommend two authors. Stephen Covey’s book, *The Seven Habits of Highly Effective People*, has valuable insight on how to be a skilled leader in the business world. Michael E. Gerber has written *The E Myth*, an easy to read book which lays out some powerful thoughts on what makes a small business work and how to avoid common pitfalls.

## **CHAPTER 2**

# ***SELECTING THE ENTITY FOR YOUR ENTERPRISE***

## **CHAPTER TWO**

### **SELECTING THE LEGAL ENTITY FOR YOUR ENTERPRISE**

One of the first decisions you will have to make as you start your new business is which form of legal entity it will take. To a large degree, this decision may be dictated by the way that you have organized your operations and whether you intend to work on your own or in conjunction with others.

The form of entity you choose can have a significant impact on the way you are protected under the law and the way you are affected by income tax rules and regulations. There are four basic forms of business organizations.

- 1. Sole Proprietorship**
- 2. Partnership**
- 3. Corporation**
- 4. Limited Liability Company**

Each has its own benefits and drawbacks and is treated differently for legal and tax purposes.

#### **Sole Proprietorship**

A sole proprietorship is typically a business owned and operated by one individual, or often by a husband and wife. A sole proprietorship is not considered to be a legal entity under the law, but rather is an extension of the individual who owns it. The owner has possession of the business assets and is directly responsible for the debts and other liabilities incurred by the business. The income or loss of a sole proprietorship is combined with the other earnings of an individual for income tax purposes.

A sole proprietorship is perhaps the easiest form of business to own and operate because it does not require any specific legal organization except the normal requirements, such as licenses or permits. A sole proprietorship typically does not have any rules or operating regulations under which it must function. The business decisions are solely the result of the owner's abilities.

## **Partnerships**

A partnership is a legal entity recognized under the law, and as such it has rights and responsibilities in and of itself. A partnership can sign contracts, obtain trade credit and borrow money. When a partnership is small, most creditors require a personal guarantee of the general partners for credit.

A partnership is required to file income tax returns for federal purposes and in most cities; however, no state return is required in Ohio. A partnership typically does not pay income tax; the information from the tax return is combined with the personal income of the partners to determine the overall tax liability.

Partnerships can take two legal forms, general or limited.

**General Partnerships.** In a general partnership, two or more individuals join together to run the business enterprise. A partnership must usually file a fictitious business name statement to operate a business under the partnership name. Each of the individual partners has ownership of company assets and responsibility for liabilities, as well as authority in running the business. The authority of the partners, and the way in which profits or losses are to be shared, can be modified by the partnership agreement. The responsibility for liabilities can also be modified by agreement among the partners, but partnership creditors typically have recourse to the personal assets of each of the partners for settlement of partnership debts.

**Limited Partnerships.** A limited partnership is comprised of one or more general partners who are personally liable for partnership debts and one or more limited partners who contribute capital and share in the profits or losses of the business. The limited partners do not take a part in running the business and are not liable for the debts of the partnership.

The rights, responsibilities, and obligations of both the limited and general partners are typically detailed in a partnership agreement. It is a good idea to have such an agreement for any partnership, whether limited or general.

## **Corporations**

A corporation is a separate legal entity which exists under the authority granted by state law. A corporation has essentially all of the legal rights of an individual and is responsible for its own debts. It must also file income tax returns and pay taxes on income it derives from its operations. Typically, the owners or shareholders of a corporation are protected from the liabilities of the business. However, when a corporation is small, creditors often require personal guarantees of the principal owners before extending credit. The legal protection afforded to the owners of a corporation can far outweigh the additional expense of starting and administering a corporation.

A corporation must obtain permission from the Secretary of State to use or do business under a fictitious name. A corporation must also adopt and file articles of incorporation and by-laws which govern its rights and obligations to its shareholders, directors, and officers.

Corporations must file annual income tax returns with the IRS, and possibly states and cities in which it does business. The elections made in a corporation's initial tax returns can have a significant impact on how the business is taxed in the future.

Incorporating a business has a number of other advantages. It is easier to bring in additional capital through the sale of equity, and shareholders are able to sell or transfer their interest in the business. It also provides for business continuity when the original owners choose to retire or sell their interest.

Competent legal counsel and business accountants are a significant asset when deciding to incorporate a business, paying particular attention to special requirements and unique structure.

Just as there are two legal forms of partnerships, there are two legal forms of corporations.

**C Corporations.** C corporations are taxed on their earnings, which are then taxed again when they are passed on to the shareholders as dividends.

**S Corporations.** S corporations are not taxed. Income, losses, deductions, and credits are passed directly through to the owners and are reported on the individual tax return. S Corporations have a number of restrictions, such as the number of shareholders allowed and the class of stock offered. Should you decide to incorporate your business venture, you should seek the advice of competent business oriented advisors and legal counsel.

## **Limited Liability Companies**

Limited Liability Corporation (LLC) is a new form of business organization that combines the liability protection of a corporation with the favorable tax treatment of a partnership.

An LLC is an incorporated business organization that generally protects all owners against individual liability for the negligence and malfeasance of others. Management may be flexibly structured to allow members to apportion management authority as they deem most appropriate. Partnership classification is assured under some state statutes and may be attained through proper structuring in others.

Most LLCs will have limitations on the transferability of members' interests and the ability of members to carry on the business after any member ceases to be involved in the LLC through death, retirement, withdrawal, or expulsion. Under the more flexible state statutes, these limitations may be reduced or eliminated through drafting of the articles of organization.

Creating an LLC is as simple as forming a corporation. **Articles of Organization** must be filed with the Secretary of State, which are similar to the articles of incorporation used to form corporations. Filing fees are much the same.

An operating agreement defines the rights and obligations of the members, including how profits, losses and distributions will be shared. Members are not personally liable for the debts and obligations of the LLC.

Individual member liabilities are:

1. The amounts the members have agreed and contribute to the LLC.
2. Under some statutes, amounts distributed to members.
3. Any negligence or malfeasance the member individually commits or that the member supervises.

This generally means that members are not liable for the contracts and general liabilities of the LLC or for any mistakes or improper actions of others in the name of the LLC.

One of the greatest advantages of forming an LLC is its tax structure. If properly structured, LLCs provide the benefit of one level of taxation; therefore, as with partnerships, any income generated by the company is passed through to the tax return of the owners. Owners pay personal income taxes but avoid paying corporate taxes.

Table 2.1 lists some of the advantages and disadvantages of each of the different business entities.

**TABLE 2.1 COMPARISON OF BUSINESS ENTITIES**

<b>ATTRIBUTE</b>	<b>SOLE PROPRIETOR</b>	<b>GENERAL PARTNERSHIP</b>	<b>LIMITED PARTNERSHIP</b>	<b>C CORPORATION</b>	<b>S CORPORATION</b>	<b>LIMITED LIABILITY COMPANY</b>
Ease of Formation	Easy	Simple Written agreement preferred	Simple Written agreement preferred	May be complex, depending on type of agreement	May be complex, depending on type of agreement	Operating Agreement Required
Organizing Document	None	May need to file fictitious name form	Certificate of Limited Partnership	Articles of Incorporation or Charter	Articles of Incorporation or Charter	Articles of Organization
When Formed	Start of Business	Start of Business	When organizing document is filed with Secretary of State	When organizing document is filed with Secretary of State	When organizing document is filed with Secretary of State	When organizing document is filed with Secretary of State
Ownership Interest	None	Partnership interest	Partnership interest	Shares or stock	Shares or stock	Membership interest
Limited Liability of Owners	No	No	General Partner - No Limited Partner - Yes	Yes	Yes	Yes
Flexible Ownership	No - One Owner	Yes	Yes	Yes	No	Yes
Centralized Management	N/A	No	Yes	Yes	Limited to 75 shareholders.	Yes
Free Transferability of Ownership Interest	No, however entire business may be sold	No	No	Yes	Yes	Often
Double Taxation of Income	No	No	No	May be limited	Limitations on stock ownership	No
How Taxed?	Owner reports income and expense on personal return	Each partner reports share of income or loss on personal return	General and limited partners report share of income or loss on personal return	Corporation pays tax on income. Shareholders pay tax on dividends.	No - unless former C Corp Shareholders pay tax on earnings. Corporation does not pay tax.	Members report share of business income on individual returns.
Continuity of Life	No	No	No	Yes	Yes	No

## **CHAPTER 3**

# ***REGISTERING WITH TAX AUTHORITIES***

## **CHAPTER THREE**

### **REGISTERING WITH THE TAX AUTHORITIES**

A significant task for the new business owner is assuring that the business is properly complying with the extensive tax and information filing requirements imposed by various governmental agencies. Stiff penalties are commonly assessed if the required forms and returns are not properly prepared and timely filed. There are several forms that must be filed when the business is started. While this chapter is not intended to be an all-inclusive list of the filing requirements, it summarizes some of the more prominent requirements common to most businesses. Many industries have specific filing requirements which are not part of this text, but which nevertheless, must not be overlooked. Professionals with experience in your industry should be consulted to assure that any such filings are properly handled.

#### **Federal Requirements**

##### **Federal Employee Identification Number**

Corporations, partnerships, and limited liability companies are required to use an Employer Identification Number, or EIN, whenever they file a tax form with the Internal Revenue Service. Sole proprietors must have an EIN if they pay wages to one or more employees or if they are required to file any excise tax returns. This number is obtained by filing a Form SS4 with the Internal Revenue Service (See Appendix I). You can also obtain this by visiting [www.irs.gov](http://www.irs.gov) and filling out the electronic application.

There is no deadline for filing Form SS4. However, to avoid substantial confusion, file your Form SS4 early so that you have your EIN when you start filing returns. If an income tax form is filed without an EIN, the Internal Revenue Service will assign one. It is not uncommon for the Internal Revenue Service to assign more than one EIN to a business, which can result in notices for delinquent tax returns that have been filed using a second EIN.

Most filings with the Internal Revenue Service come under the headings of income and payroll taxes. Payroll tax requirements are detailed in chapter four. Income tax filing requirements and tax planning are discussed in chapter six.

## State Requirements

(Note: Forms can be obtained at the Secretary of State of Ohio's website at [www.sos.state.ohio.us](http://www.sos.state.ohio.us). We recommend seeking legal advice before filing returns.)

### Articles of Incorporation or Organization

A legal filing is not required for a sole proprietorship or a general partnership. However, all other business entities must file with the Secretary of State.

Corporations are required to file **Articles of Incorporation**. There is specific information that must be included in the Articles of Incorporation, including:

- The name of the corporation
- The number of shares of stock that the corporation will issue
- The address of the initial registered office of the corporation
- The name of the registered agent
- The name and address of each shareholder

In addition, the articles might include a description of the purpose of the corporation, par value of stock, names of initial directors, and provisions for regulating internal affairs of the corporation and establishing the powers of the corporation and its directors and shareholders. Since the Articles of Incorporation is a legal document, it is a good idea to have a lawyer draft the articles for you.

Limited Liability Companies are required to file **Articles of Organization**. Specific information that must be included in the Articles of Organization are:

- The name of the limited liability company
- The duration of the limited liability company (many states have a maximum duration)
- The name and address of the limited liability company's registered agent

It is also advantageous to have an operating agreement that governs how the LLC will be managed, how distributions will be made, and how the owners will relate to the LLC and to one another. The operating agreement may or may not be part of the Articles of Organization. It is always a good idea to have a lawyer draft the Articles of Organization for you.

Limited Partnerships must file a **Certificate of Limited Partnership** with the Secretary of State. Information that must be included in the Certificate of Limited Partnership includes:

Name and address of the limited partnership

Name and address of the statutory agent for the limited partnership

Name and business address of each general partner

Dissolution date, if any

Whenever you file with the Secretary of State there will be a small fee.

### **Business Name Registration**

Your business name must also be registered with the Secretary of State. The name you choose can be registered as a trade name or a fictitious name. Filing for a **trade** name prevents any other business from registering and using the same name. There is usually a filing fee of around \$20. Trade name registration may be renewed every five years. A **fictitious** name is not protected; anyone can use the same name. The fee for reporting the use of a fictitious name is less than that for filing a trade name. It also may be renewed every five years.

### **Vendors License**

To operate a business selling goods and/or services, you must obtain a vendor's license. Applications can typically be obtained from your county auditor's office. At the time of filing, the application fee, which usually ranges from \$25 to \$50 depending on the county where the business is located, must be paid. The license is issued immediately and must be posted in plain sight at your place of business. The license, with the related fee, must be renewed annually. An example of an application can be found in Appendix A.

### **Payroll Returns**

Once you have registered your business and begin operations, you will be required to file the appropriate federal and state tax returns for your business each year. You may be required to pay estimated taxes. If you have employees, you will be responsible for filing payroll tax returns. Table 3.1 summarizes some of the more significant filing dates for a company that has a December 31 year-end. For other year-end dates, refer to the instructions for each of the forms to find out when the return is due. A detailed discussion of each filing requirement will follow in subsequent chapters.

**Table 3.1 TAX RETURNS AND DUE DATES  
FOR CALENDAR YEAR TAXPAYERS**

RETURN	DUE DATE					
	Sole Proprietor	Partnership	C Corporation	S Corporation	Limited Liability Company	
					Single Member	Multiple Member
<u>Federal Income Tax Return</u>						
1040	15-Apr	N/A	N/A	N/A	15-Apr	N/A
1065	N/A	15-Apr	N/A	N/A	N/A	15-Apr
1120	N/A	N/A	15-Mar	N/A	N/A	N/A
1120S	N/A	N/A	N/A	15-Mar	N/A	N/A
<u>Estimated Federal and State Tax</u>						
1st Quarter	15-Apr	N/A	15-Apr	N/A	15-Apr	N/A
2nd Quarter	15-Jun	N/A	15-Jun	N/A	15-Jun	N/A
3rd Quarter	15-Sep	N/A	15-Sep	N/A	15-Sep	N/A
4th Quarter	15-Jan	N/A	15-Dec	N/A	15-Jan	N/A
<u>Federal Payroll Tax Return</u>						
1st Quarter	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr
2nd Quarter	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul
3rd Quarter	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct
4th Quarter	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan
<u>Ohio Withholding Tax Returns</u>						
1st Quarter	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr
2nd Quarter	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul
3rd Quarter	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct
4th Quarter	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan
<u>Ohio State Unemployment Tax</u>						
1st Quarter	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr	30-Apr
2nd Quarter	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul
3rd Quarter	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct	31-Oct
4th Quarter	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan
<u>Ohio Bureau of Workers Compensation</u>						
	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul	31-Jul
	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan	31-Jan
<u>CAT Tax - Quarterly Filers</u>						
1st Quarter	9-May	9-May	9-May	9-May	9-May	9-May
2nd Quarter	9-Aug	9-Aug	9-Aug	9-Aug	9-Aug	9-Aug
3rd Quarter	9-Nov	9-Nov	9-Nov	9-Nov	9-Nov	9-Nov
4th Quarter	9-Feb	9-Feb	9-Feb	9-Feb	9-Feb	9-Feb
<u>CAT Tax - Annual Filers</u>						
	May	May	May	May	May	May

2009 was the final filing requirement for Franchise returns. They have been phased out and replaced with the Commercial Activity Tax (CAT).

There are also numerous other tax filing deadlines if you deal in certain regulated industries such as utilities or petroleum.

## **CHAPTER 4**

# ***ACCOUNTING AND BOOKKEEPING***

## **CHAPTER FOUR ACCOUNTING AND BOOKKEEPING**

Most operators of a new and growing business have a flair for the environment in which the business operates. They may be great salespeople, outstanding mechanics, carpenters, lawyers, or inventors. However, most people don't like to keep books. As an owner of a business, you must remember that your company's books and financial statements represent a score sheet which tells how you are progressing, as well as provides an early warning system which lets you know when and why the business may be going amiss. Financial statements and the underlying records will provide the basis for many decisions made by outsiders such as banks, landlords, potential investors, and trade creditors as well as taxing authorities and other governing bodies. The necessity for good, well organized financial records cannot be overemphasized. One of the greatest mistakes made by owners of small businesses is not keeping good financial records which in turn prompt them to make improper or poor business decisions based on inadequate and untimely information.

Quality financial information does not necessarily translate into complicated bookkeeping or accounting systems. Far too often owners of businesses become overwhelmed by their accounting system to the point where it is of no use to them. An accounting or book-keeping system is like any tool used in your business; it needs to be sophisticated enough to provide the information you need to run your business and simple enough for you to run it (or supervise the bookkeeper). Questions you should ask in developing an accounting and financial reporting system are:

1. Who will be the users of the financial information?
2. What questions do I need answered to manage the business?
3. What questions should be answered for government or regulatory taxing authorities?

As your business grows, you should work closely with your accountant to ensure that your accounting system is providing you with appropriate information.

### **Chart of Accounts**

The basic road map into any accounting system is the chart of accounts. This is a list of your assets (cash, accounts receivable, equipment, buildings, etc.), liabilities (loans, accounts payable, etc), revenues, expenses, and equity (net income, etc.). The chart of accounts determines what information will be tracked by your accounting system and what information you will be able to retrieve. A well thought out chart of accounts will make it easy for you to prepare Income Statements and Balance Sheets for investors, or for you to analyze spending, profits, etc.

There are a number of accounts that are common to all businesses. However, there may be accounts that are unique to your business. To help establish a good working chart of accounts you need to answer some questions, in conjunction with your accountant, regarding how your business will operate and what is important to you. Some of these considerations might be:

1. Will your business have inventory to account for? If so, will it be purchased in final form, or will there be production costs?
2. Are fixed assets a significant portion of your business?
3. Will you sell only one product or service, or will there be several types of business?
4. Will you have accounts receivable from customers for which you will have to track?
5. Are you going to sell in only one location, or will you do business in several states?
6. Are the products you sell subject to sales tax?
7. Do you need to track costs by department?
8. What type of government controls or regulatory reporting are you subject to?

Each one of these questions can have several answers and will probably generate more questions. Each answer may impact how the chart of accounts is structured. It is important for the chart of accounts to be adaptable, as the size and needs of your business change.

Developing a chart of accounts may not be high on your list of things to do as you start a new business. However, the amount of time and money that a well-organized accounting system will save you can be significant as the need to generate information for various purposes increases. An example of a basic chart of accounts is found in Appendix B.

### **Cash or Accrual Accounting**

One of the decisions you must make as you start a business is whether to keep your records on a cash or accrual basis of accounting. The cash basis of accounting has the advantage of simplicity and almost everyone understands it. Under the cash basis of accounting, you record sales when you receive the money and account for expenses when you pay the bills. The increase in the money in “the cigar box” at the end of the month is how much you made.

Unfortunately, as we all know, the business world is not always so easy. Sales are made to customers and you sometimes must extend credit. Your business will incur liabilities that are due even though you may not have received the invoice or have the cash available to pay them. Accrual accounting records sales and expenses when they occur - not when you receive or pay money.

Most users of financial statements, such as bankers and investors, are used to accrual basis statements and expect to see them. Once you become familiar with them, they provide a much better measuring device for your business operations than cash basis statements.

Whether you use the cash or accrual basis, it is possible to keep books for income tax purposes on a different basis than for financial statement. It may be more advantageous (less tax) for you to do so. Your accountant can advise you on the advantages and feasibility of doing this in your particular circumstances.

### **Accounting Records and Record Keeping**

Another question that you must answer is, “who will keep the books of the business?” Will you do it yourself, will the receptionist or a secretary double as a part-time bookkeeper, will you have a bookkeeper that comes in periodically, or will the volume of activity be such that a full-time bookkeeper will be required?

Very often the new business owners decide to keep the books themselves and underestimate the time required to maintain a good set of financial records and books of account. As other phases of operations take up tremendous amounts of time and energy, record keeping becomes a low priority and must be caught up later. This approach, though rarely planned, can be extremely costly. Penalties for late payments, time spent pulling financial statements together for incomplete or disorganized records, and additional accountant fees are just a few of the expenses that can be avoided by being certain that your records are up to date and accurate.

While it is important for the business owner to maintain control and stay involved in the financial operations of the enterprise, this can be achieved by maintaining close control over the check signing function and scrutinizing certain records. Your company’s accountant can help develop a good program of record keeping duties for you, your employees and any outside bookkeepers or accountants you may engage.

## **A Word About Computers**

The computer is probably the single most valuable tool for bookkeeping and accounting since the advent of the double entry ledger. If your business includes any of the following, a computer would be a useful tool in your business.

1. Many repetitious or routing tasks
2. Paperwork, i.e., payroll checks, invoices, purchase orders, mailing labels
3. General correspondence
4. Written reports, contracts, leases, newsletters, catalogues, or brochures

There are a number of very good, easy to use accounting software programs available. They are designed to do the accounting for you. They will track your income, where you put it, what your expenses are, and what you used to pay for them. They will produce financial statements for investors, bankers, and your tax preparer. Some even have check-writing capabilities that automatically post your income and expenses to the correct account. Popular software packages that we recommend are QuickBooks Pro<sup>©</sup> and Peachtree<sup>©</sup>. They are designed specifically for the small business owner.

Accounting software is a wonderful tool, but it will not solve the problems of inaccurate or poor quality financial records. With inadequate or faulty information, all the software will do is generate bad information faster. This is probably one of the reasons that the computer has also caused headaches for the owners of modern businesses. If you want to use a computer-based accounting package, whether in your own business, with a service bureau, or through your accountant, it is imperative that you generate accurate information to be entered into the system.

The real value of the computer becomes apparent once it is running smoothly in your business. Your accountant can then function in the capacity for which he or she was trained - not as a “number cruncher”, but as your business advisor, consultant, and strategist. Both of you can focus not on producing reports for various regulatory agencies, but on analyzing your business to make it more profitable.

## **Internal Control**

Internal control is the system of checks and balances within a business enterprise that helps to ensure that the company's assets are properly safeguarded and that the financial information produced by the company is accurate and reliable. When operating as a "one man shop" or at least handling all of the company's financial transactions, maintaining good internal accounting control is relatively straightforward.

However, when your company grows to a size where you must delegate some of the functions, it becomes more difficult to ensure that all the transactions are being accounted for properly.

No matter the size of your business, you should always be able to answer "yes" to the following questions:

1. When my company provides goods or services to our customers, am I sure that the sale is recorded and the revenue is recorded in accounts receivables or the cash is collected?
2. When my company expends cash, am I sure we received goods or services?

The method used to ensure that these two questions can be answered affirmatively will be widely varied. The solution, in your particular instance, may be as simple as numbering the sales tickets and being sure **all tickets are accounted for** or reviewing all invoices and timecards before signing company checks. These are fundamentals in a well-run business. As your company grows you will need to consider concepts such as segregation of authority, employee fidelity bonds, or controlled access storerooms.

No matter what the size of your enterprise, you should consider controlling your business and safeguarding hard-earned assets as a priority from the outset.

## **CHAPTER 5**

# ***PAYROLL TAXES***

## **CHAPTER FIVE PAYROLL TAXES**

Irrespective of the form of business in which you operate, if you are going to have employees then you will have to contend with payroll taxes. The brief summary that follows will give you some guidance on the rules and regulations of the various taxing authorities. Sample forms that must be filed with federal and Ohio State authorities can be found in Appendix C.

### **Available Publications**

Circular E, Publication 15, Employer's Tax Guide, covers the payroll tax reporting and deposit requirements and can be obtained through the local office of the Internal Revenue Service.

### **Tax Deposit Requirements**

Federal withheld income and FICA tax deposit requirements for employer *and* employee portions:

**Look back period.** Your deposit schedule for a calendar year is determined from the total taxes reported on your Form 941, in a four-quarter look back period. The look back period begins July 1 and ends June 30 of the prior year. If you reported \$50,000 or less of taxes for the look back period, you are a monthly schedule depositor; if you reported more than \$50,000, you are a semiweekly schedule depositor.

**New employers.** During the first calendar year of business, the tax liability for each quarter in the look back period is considered to be zero. Therefore, you are a monthly schedule depositor for the first calendar year of business.

1. **Monthly Depositor.** An employer that reported employment taxes of \$50,000 or less during the look back period generally must make only monthly deposits for the entire calendar year. The deposit for a month must be made on or before the 15<sup>th</sup> day of the following month.
2. **Semi-Weekly Wednesday/Friday Depositor.** An employer that reported employment taxes of more than \$50,000 during the look back period is a semi-weekly depositor for the entire year. Such employers must make deposits on or before Wednesdays or Fridays depending on the timing of their payrolls. Specifically, employment taxes from payments to employees made on Wednesdays, Thursdays or Fridays must be deposited on or before the following Wednesday. Taxes from Saturday, Sunday, Monday or Tuesday payments to employees must be deposited by the following Friday.
3. **Non-Banking Days.** Semi-weekly depositors have at least three banking days to make a deposit. If any of the three weekdays following the close of a semi-weekly period is a bank holiday, the employer will have an additional banking day to make the deposit. For example, if Monday is a bank holiday, deposits

from the prior week Wednesday through Friday period can be made by the following Thursday, rather than by the regular Wednesday deposit day.

4. **One-Day Depositor.** If a monthly or semi-weekly depositor accumulates employment taxes of \$100,000 or more during a deposit period (monthly or semi-weekly), it must deposit the taxes by the next banking day. This rule overrides the normal rules for determining deposit dates discussed above. A monthly depositor that must make a one-day deposit under this rule immediately becomes a semi-weekly depositor **for the rest of the calendar year and the following year.**
5. If at the end of the calendar year your total liability is less than \$1,000 you may receive a letter from the IRS indicating that you are a 944 filer. 944 filers pay their tax due and file the Form 944 annually rather than a filing a 941 quarterly. You can not elect to be a 944 filer, the IRS must notify you for this type of filing.

### **Federal Unemployment Taxes**

Federal Unemployment Taxes (FUTA) are reported annually on Form 940, Federal Unemployment Tax Return. The tax is paid quarterly if the annual liability is greater than \$500. Calculating the tax is a little complicated. If you **file and pay** the State Unemployment Tax (SUTA) on time, the quarterly liability for FUTA is .008 times that part of the first \$7,000 of each employee's annual wages you paid during the quarter. Failure to pay SUTA on time will increase the FUTA liability. If the resultant liability for the year is \$500 or less, you may deposit the tax annually.

If your liability for any calendar quarter (plus any undeposited taxes for an earlier quarter) is more than \$500, you are required to deposit the taxes with a federal tax deposit coupon at an authorized financial institution or Federal Reserve Bank by the end of the following month.

If the tax reported on your Federal Unemployment Tax Return, Form 940, minus deposits for the year:

1. Is more than \$500, you must deposit all of the tax by the last day of the first month that follows the quarter.
2. Is less than \$500, you may pay the taxes when you file form 940.

### **Supplemental Wages**

If supplemental wages, such as bonuses, commissions, and overtime pay, are included in the same payment with regular wages; tax to be withheld is determined as if the total of the supplemental and regular wages were a single payment for the regular payroll period.

If supplemental wages are not paid on the same payment as the regular wages, the employer may:

1. Withhold at a flat rate of 35% for federal and 5% for Ohio, and applicable city tax, or
2. Combine the supplemental wage with the last regular wage, determine the tax on the total wage, and subtract the amounts already withheld on the regular wage payment.

### **Fringe Benefits**

As of 1993, gross income does not include any fringe benefit that qualifies for exclusion. These benefits must fit into one of the four categories listed below, except when dealing with owners. Fringe benefits that qualify for the exclusion are exempt from income tax and Social Security tax withholding (FICA and payment of Federal Unemployment Tax - FUTA). Conversely, benefits that do **not** qualify are subject to these taxes. An example of a common non-qualifying benefit subject to tax is the automobile allowance.

**No additional cost service.** This is a service provided to an employee that is excludable if the service is offered for sale to the public in the ordinary course of the line of business of the employer in which the employee is working and the employer does not incur substantial additional cost. For example, if employers furnish airline travel or hotel rooms to employees working in these lines of business in such a way that the non-employee customers are not displaced, they incur no substantial additional cost in providing those services to the employees.

**Qualified employee discount.** Any employee discount is an excludable qualified employee discount if: (1) in the case of property, it does not exceed the gross-profit percentage of the price at which the property is being offered to customers; (2) in the case of service, it does not exceed 20% of the price at which the service is being offered.

**Working condition fringe.** Any employer-provided properties or services are excludable benefits to the extent that they are deductible as ordinary and necessary business expenses had the employee paid for them. Under certain conditions, the fair market value of a qualified automobile demonstration used by a full-time auto salesperson is an excludable working condition fringe.

**De minimis fringe.** Property or services not otherwise tax-free are excludable if their value is so small as to make accounting unreasonable or administratively impractical. An operation of any eating facility for employees is an excludable de minimis fringe if it is located on or near the employer's business premises and the revenue derived normally equals or exceeds the direct operating costs of the facility.

**Qualified Moving Expenses Reimbursement.** An employee may exclude from gross income an amount received from an employer for payment of qualified moving expenses.

**Transportation Fringe Benefits.** Beginning in 1995, an employee may exclude from gross income certain maximum amounts received from an employer as reimbursements for transit passes, vanpooling expenses, and qualified parking expenses.

### **Other Tax Requirements**

Whenever a wage payment is made, the employer must provide the employee with a statement of the gross wages and specific deductions (if any). Use the W-4 Form submitted by the employee and the tax tables provided in the employer's tax guides to determine the correct federal, state, and city income taxes to withhold. If the employee fails to submit a W-4 Form, the employer must withhold at the rate applicable to a single person who has no withholding exemptions. A continuing requirement exists for employers to submit, with their quarterly payroll tax returns, a copy of any W-4 Form on which an employee is claiming an equivalent of 10 or more withholding exemptions. An employer must also complete a Form I-9 on each employee and obtain the necessary citizenship or other employment eligibility status verification.

When making a reimbursement or payment of moving expenses to or for an employee, the employer must complete and furnish the employee with a Form 4782 for each move.

Flat rate expense account allowance, disability insurance paid by the employer, and moving expense reimbursements are among the items that must be included as other compensation on a W-2 Form. The employer must also furnish a W-2 Form to each employee showing remuneration and withheld taxes for each calendar year. Upon request, a W-2 Form must be furnished to a terminated employee within 30 days after the request or the final wage payment, whichever is later. All other W-2 Forms should be given to the employees by January 31 of the following year.

The payroll tax requirements and the work related to compliance are quite cumbersome and complicated. Once a business employs more than a few people, we recommend that a qualified payroll service be used because it has generally been our experience that the cost of the service is far outweighed by the personnel and management time required to operate the payroll system in house.

Appendix C has a summary of federal and state payroll taxes that are the responsibility of all employers. Also included in the Appendix are samples of tax forms that must be filed.

### **Employee vs. Independent Contractor- 20 Factors**

Employers often use both employees and independent contractors. These are different working categories and have different income reporting requirements. For more information refer to IRS publication 15-A Employer's Supplemental Tax Guide and talk with your accountant.

The IRS has developed a twenty-factor control test to help determine whether the person providing the service is a common law employee or an independent contractor for wage withholding purposes.

**--20 FACTORS --**

<b>ELEMENTS</b>	<b>EMPLOYEE</b>	<b>INDEPENDENT CONTRATOR</b>
1. Instructions	Employee is required to comply with instructions about when and where work is done.	An independent contractor decides how to do the job, establishes his/her own procedures, and is not supervised.
2. Training	Employee may be trained by other experienced employees working with him or her, by correspondence, by required attendance, or by other methods.	An independent contractor uses his/her own methods and receives no training from the principal.
3. Integration	If the worker's services are so integrated into an employer's operations that the success or continuation of the business depends on the performance of the services, it generally indicates employment.	An individual's performance of service & those of assistants affect his or her own business reputation.
4. Services rendered personally	If the services must be rendered personally, it indicates the employer is interested in the methods as well as results.	A contractor having right to substitute another's services without the principal's knowledge suggests the existence of an independent relationship.
5. Hiring, supervising, paying assistants	If a worker hires or supervises an assistant at the employer's direction, he/she is acting as an employee in the capacity of a foreman for or representative of the employer.	An independent contractor hires, supervises and pays assistants under a contract with him/her.
6. Continuing relationship	The existence of a continuing relationship between a worker and the person whom he/she performs services indicates an employee status.	The relationship between an independent contractor and his/her client ends when the job is finished.
7. Set hours of work	Employer sets hours of work for the worker.	An independent contractor is the master of his/her own time.
8. Full time work	Full-time work for the business is indicative of control by employer. Full-time does not necessarily mean an eight-hour day or five-day week but may vary with the intent of the parties and nature of occupation.	An independent contractor is free to work whenever he/she chooses.

<b>ELEMENTS</b>	<b>EMPLOYEE</b>	<b>INDEPENDENT CONTRATOR</b>
9. Work done on premises	An employee works on the employer's premises or on the location designated by employer.	An independent contractor can work away from the principal's premises when it can be done on the principal's premises.
10. Order or sequence of work	An employee performs services in order or sequence set by employer.	An independent contractor is free to perform services to complete the work as he/she prefers.
11. Reports	A submission of regular oral or written reports indicates control since the worker must account for his/her actions.	An independent contractor is not required to file the reports that constitute a review of his/her work.
12. Payments by hour, week, month	Payment by hour, week, month indicated employee status.	Payment to contractors is usually by a flat fee for the job or by working hours.
13. Payment for worker's business and traveling expenses	Payment by employer indicates control over worker	Are paid on a job basis and the contractor takes care of all incidental expenses.
14. Tools and materials	Tools and materials are normally furnished by employer.	An independent contractor furnishes his/her own tools, and materials.
15. The extent of the worker's investment	All necessary facilities are furnished by employer.	An independent contractor often (but not necessarily) has a significant investment status in the facilities he/she uses in performing services.
16. Profit and loss	When workers are insulated from loss or restricted in the amount of profit gained, they are usually employees.	The possibility of a profit or loss for the worker as a result of his/her services shows independent contractor status who invests significant amounts of time or capital in his/her work without any guarantee of success.
17. Works for more than one person or firm	A worker may work for a number of people or firms and still be an employee of one or all of them because he/she works under control of each firm.	An independent contractor works for a number of persons or firms at the same time. He/she can work freely, not controlled by any firms.
18. Offers services to the general public	If a worker performs services alone, does not advertise his/her services to general public, does not hold licenses or hire assistants, and performs services on a continuing basis, it is an indication of an employment relationship.	An independent contractor is free to seek out business opportunities, advertise, maintain a visible business location, and is available in the general public.

ELEMENTS	EMPLOYEE	INDEPENDENT CONTRATOR
19. Right to discharge	If the employer has the right to discharge a worker at will and without liability, the worker is considered an employee.	An independent contractor cannot be discharged as long as he/she produces a result that measures up to his/her contract specification; relationship can be terminated with liability.
20. Right to quit	The right to quit at any time without incurring liability indicates an employer-employee relationship.	If an individual agrees to complete a specific job and he/she is responsible for its satisfactory completion, it indicates the independent contractor status.

### Tax Rates

The following chart contains tax rates and the taxable wage basis for employers and employees. The limits and maximum contributions for 2013 given are per employee.

#### 2014 - Social Security Tax (FICA)

	<u>Medicare</u>	<u>Soc. Sec.</u>	<u>Total</u>
Tax rate for employer	1.45%	6.2%	7.65%
Tax rate for employee	1.45%	6.2%	7.65%
On wages not to exceed	No Limit	\$ 117,000.00	
Maximum employer contribution	No Limit	\$ 7254.00	
Maximum employee contribution	No Limit	\$ 7254.00	
Federal Unemployment Tax (employer only): Gross Federal tax rate			6.0%
Less credit for UI (If timely payment is made)			5.4%
Net Federal tax rate*			0.6%
On Wages not to exceed - Federal			\$ 7,000.00
On Wages not to exceed - State			\$ 9,000.00
Maximum employer contribution (per employee) Federal*			\$ 42.00

\*Rate assumes no state credit reduction – Many states, including Ohio, have credit reductions.

## **CHAPTER 6**

### ***SELECTING A YEAR – END***

## **CHAPTER SIX SELECTING A YEAR-END**

If the new business is a sole proprietorship or a partnership, the company will usually be required to use a calendar year-end. However, if the business is incorporated, the corporation is often allowed to select a fiscal year-end using a month end other than December.

### **Which Month to Choose**

The selection of a year-end involves several considerations. The most important factor is the ease by which data is accumulated. For this purpose, most companies prefer to use a quarter-end as the last day of the fiscal year (e.g. March 31, June 30, September 30, or December 31). Many companies not using a quarter-end date find that it complicates several government filings and can be confusing to shareholders and others when disclosing quarterly data.

A second consideration involves the nature and seasonal fluctuations of the business. As a general rule, the year-end causes a disruption to the normal course of business, especially if a physical inventory is required. It is usually better to have this disruption occur during the off -season. Also, since the periods just before and just after year-end often involve an additional time commitment by the key officers, a year-end that does not conflict with normal vacation schedules is preferable. For this reason, a calendar year-end is often not selected.

There are also tax reasons to select a year-end other than December 31. If the company has, for example, a June 30 year-end, it is possible for the corporation to pay bonuses in June and obtain a tax deduction. The employee then has six months to decide whether to pay tax currently on the income or attempt to shelter it.

Proper planning in selecting a year-end can also defer the payment of taxes at the corporate level. Suppose the company incorporated in July and operated at break-even through the next April, but expected May and June to be big income months. By selecting a March or April year-end, the company can delay for ten months the payment of taxes on the May and June income. Since cash is often scarce for a start-up company, this deferral can be of significant benefit.

### **How to Make the Election**

The election of a year-end is made on the first tax return of the corporation. Even though the corporate by-laws disclose the fiscal year and the request for Federal Identification Number (Form SS-4) asks for the year-end, a final election is not made until the tax return is filed. There is not a separate form for making the election. The corporation merely states the fiscal year on page one of Form 1120 or 1120S. There are two important requirements for making the election. First, it must be made on a **timely filed** (including extensions) return. If the first return is not filed on time, the year-end of the corporation is December 31, by default. Secondly, the first year cannot be longer than twelve months. For example, if a company is incorporated on June 25, and wants to select a June year-end, it must file a return for the five-day period, June 25 through June

30. Otherwise, the first return would be for twelve months and five days, which is not allowed.

### **Changing the Year-end**

Once a year-end is selected, it may be changed under certain conditions without the prior approval of the Internal Revenue Service. If the conditions are not met, it can only be changed if permission is obtained from the Internal Revenue Service. In considering a request for change of year-end, the Internal Revenue Service will look closely at the business or economic reasons for the change. The absence of a tax avoidance motive is generally a requirement.

Certain corporate events will require a change of year-end. For example, if another corporation acquires the company's stock, the acquired corporation will be required to use the same year-end as the parent company. Also, recent tax law changes mandate that S-Corporations and many personal service corporations use a December 31 year-end.

## **CHAPTER 7**

# ***INCOME AND COMMERCIAL ACTIVITY TAXES***

## CHAPTER SEVEN

### INCOME TAXES AND COMMERCIAL ACTIVITY TAXES

Eventually you will have to deal with income taxes. The income tax laws are extensive and can be confusing for an individual starting a business. This chapter does not cover all the tax ramifications of a new business; however, it provides some guidance on complying with the laws. A qualified CPA or tax attorney should be consulted when you are dealing with income taxes. Income taxes have a direct, and a potentially significant, impact on the cash flow of your business.

#### **Income Tax Forms**

Each type of legal entity is required to file a different type of income tax form. Appendix D has samples of returns commonly used for each entity.

**Sole Proprietorship.** A sole proprietorship is considered to be a component of the individual's personal tax situation. The tax form required is the Schedule C that is included with the owner's Form 1040. In addition, if the business has net taxable income, a Schedule 1040SE must be prepared to determine the amount of self-employment tax that is due. Some individuals who would not normally be required to file a city tax return may be required to do so to report this Schedule C income.

**Partnership and Limited Liability Company.** Partnerships and usually LLCs are not taxable entities. They are treated as conduits through which taxable income is passed to the individual partners for inclusion on their respective tax returns. They are required to file a Federal Form 1065. No tax is due with this form. However, included with the Form 1065 is a Schedule K-1 that lists the various items of income and credits to be included on the individual partner's return. In many instances, a partnership is also required to file with the appropriate city and pay the tax due on behalf of the partners. An LLC may elect to be treated as a corporation for federal income tax purposes. Under these circumstances the LLC would file Form 1120.

**C Corporation.** A corporation is considered a taxable entity and is required to file a federal Form 1120 and the appropriate city return. The Ohio Form 1120 was phased out; 2009 tax year was the last filing requirement.

**S Corporation.** An S Corporation is a type of corporation that is specially treated under the tax laws. The government taxes this type of entity in the same manner as a partnership, with certain exceptions. The tax forms required are federal Form 1120S and the appropriate city return. The election to become an S Corporation can be made at anytime during the life of the corporation and should be made with the help of a tax practitioner.

## **Estimates**

In addition to the regular tax forms, the law requires that if an estimate of the tax is not properly prepaid on a quarterly basis, a non-deductible underpayment penalty will be levied. Since an estimate is based on forecasting the future, and is liable to human error, the tax laws provide two safe-harbors to avoid the penalty for underpayment.

Individuals whose business income flows through to their personal returns must pay estimated tax quarterly. If your payments for each quarter equal the lesser of 100% of the prior year's tax or 90% of the current year's tax, the penalty can be avoided. The safe harbor percentages for the prior year's tax changes each year are as follows:

1. At least 90% of tax shown on the current return
2. 100% of tax shown on the previous return. (110% if AGI was greater than \$150,000 / \$75,000 Married Filing Separately)

Corporations do not send tax payments directly to the IRS. Estimated payments are paid to an authorized financial establishment with a federal tax deposit coupon (Form 8109). Corporations are not subject to penalties for underpaying estimates if the tax is less than \$500 or if four equal estimated payments total at least 100% of the current year tax liability. There is also no penalty if four equal estimated payments total at least 100% of the prior year's liability. This last provision does not apply if a tax return was not filed for the prior year or if the prior tax year was less than 12 months.

## **Due Dates**

The due dates of the various forms are:

**Sole Proprietorship.** Forms 1040, IT1040, and city returns are due April 15. Estimated tax payments for all returns are quarterly on April 15, June 15, September 15, and January 15.

**Partnership & LLC.** Form 1065 is due the fifteenth day of the fourth month after the end of the tax year (April 15 for most partnerships). City returns and estimates follow the federal filing dates for corporations.

**Corporate.** Form 1120 is due the fifteenth day of the third month after the end of the tax year. Estimated tax payments (Form 8109) are due the fifteenth day of the fourth, sixth, ninth, and twelfth month of each tax year. Form FT 1120 was phased out after 2009 and city returns follow federal filing dates.

**S Corporation.** Form 1120S is due the fifteenth day of the third month after the end of the tax year. City returns and estimates follow the federal filing dates for corporations.

## **Extensions**

The business owner may request an extension of time to file the tax returns. However, these extensions do not extend the time for paying the tax.

## **First Corporate Return**

The first tax return a corporation files is very important. As part of that return elections are made which will dictate the way the corporation is taxed for many years to come. Some of the more significant elections that may need consideration are outlined below:

1. **Election to capitalize and amortize costs incurred to organize the business.** These can be legal, accounting, or similar fees paid to commence operations. Such costs are not normally considered expenses of the corporation and are not deductible unless this election is made.
2. **Elections to accrue vacation pay earned but not taken by employees at the end of the tax year.** Without this election, vacation pay is not deductible until the year it is taken.

The elections discussed above are only two of those that may need to be considered in an initial return. A qualified tax practitioner can help plan how best to utilize elections to take advantage of some of the following provisions of the federal and Ohio tax laws, including:

1. Net-operating loss carryovers
2. Research and development tax credits
3. Business energy tax credits
4. Section 179 utilization
5. Bonus accrual

## **Tax Planning**

Proper tax planning is essential in order to make the most of the income tax laws. You will need to develop a relationship with a qualified professional who has experience with the taxation of your type of business. Tax planning is not a one-time shot right before the return is due. Tax planning is a year-round endeavor requiring communication on both sides – from you and your CPA. Proper planning ensures that there are no surprises when the return is filed.

## **State Taxes**

If your company will be doing business in more than one state, it is essential that you familiarize yourself with the Nexus rules, tax laws, and filing requirements of those states. Each state has its own rules and regulations; if you are in non-compliance, you may be barred from doing business in that state.

## **Commercial Activity Tax (CAT Tax)**

The CAT is an annual tax measured by gross receipts, after July 1, 2005, on business activities in Ohio. The tax applies to all types of businesses regardless of form. A person or business with taxable gross receipts of more than \$150,000 per calendar year is subject to this tax, which requires the taxpayer to register with the CAT department. For all taxpayers with receipts greater than one million dollars, the tax rate is equal to 0.26% and the filing is due quarterly. The CAT will be fully phased in through 2009 while the tangible personal property tax and the corporation franchise taxes are phased out. **Please note not all types of receipts are taxable.**

## **Conclusion**

Income tax laws are quite complicated. The amount you may save by attempting to tackle your own taxes, particularly as they relate to a business, can be greatly overshadowed by the expense you may incur if you make a mistake. This axiom takes on greater significance when the return is for a corporation - especially the first return. However, a far greater consideration than potential mistakes is missing opportunities that may be available to you and your business.

## **CHAPTER 8**

# ***CASH PLANNING AND FORECASTING***

## **CHAPTER EIGHT**

### **CASH PLANNING AND FORECASTING**

**CASH IS KING!** The life blood of any business is its ability to collect cash and pay bills as well as pay its employees, particularly its owners. Far too often small businesses are profitable, but they do not have enough operating capital to meet their current needs. Consequently, they may be forced to sell out to a stronger competitor, sell a portion of the company to investors at an undesirable price, or close the doors and put the company out of business.

The ability to forecast cash resources and uses is an art and is by no means a well-defined science. None of us have a crystal ball, and any cash forecast that is prepared by the management of a company or an outside consultant can be no more than a guess as to when the customers will pay and when your business will pay its obligations. Hopefully, the more effort that is put into cash forecasting, the better the educated guess will be and the more accurate the resultant picture of the future operations of your business.

#### **Starting the Analysis**

One of the most significant factors to be considered in your cash flow forecast is the volume of sales which will be generated in the next several months and for the rest of the period for which you intend to forecast. Your sales forecast must be as fine tuned as possible. It is typically unrealistic to assume that there is a million dollar market for your product in your area and that you will be able to capture a specified percent of it. A sales forecast needs to be based upon specific facts. These might include your sales history or the history of similar businesses you have owned or operated or the competition. In your area of industry, what has been the experience of similar operations?

Some of the considerations that should be addressed would include other factors you can control such as adding new product lines, deleting unprofitable operations, adding a new salesperson, or terminating one that is not producing to quota. In preparing a forecast, you must also take into consideration items such as the seasonality of your business, the relative state of the economy, and the period over which you will forecast.

Obviously your ability to forecast sales for the next month is better than it is for three to five years from now. The amount of detail that must be included in the cash forecast is really a matter of preference. It can be based on per-unit sales extended out by the sales price of each type of unit or an average sales volume per day, week, or month, or your type of business in its current environment.

## **Cash Collections**

Once you have determined a reasonable level of sales and you are comfortable with the forecast you have made, you must address questions such as:

1. What percentage of my sales are received in cash?
2. What portion are credit sales for which I will have to carry accounts receivable?
3. How soon is the cash collected on receivables?
4. Do I have to wait for customers to pay me or do third parties such as Visa or MasterCard take the customers account and convert it to cash for me with an appropriate discount?

If you are relying on customer payments for collection of receivable you must determine what portion of the receivable will be collected in 30 days, 60 days, 90 days and thereafter, and what portion, if any, may never be collected. To assume that 100% of your sales will ultimately be converted to cash is probably unrealistic especially considering the current economic environment and the tight cash situations that may face some of your customers.

Other sources of cash may be available in addition to sales. Do you expect to bring in a partner or other investors, or can you borrow money from a bank? When will you receive the cash and how much will you get? Part of your cash flow analysis may be to determine how much investment money or borrowings will be required to operate your business.

Once you are comfortable with the cash receipt side of your business, and the timing of the collections of funds from your sales and other sources, it is necessary to consider the expenses and other cash needs of your business operation.

## **Disbursement**

Certainly if your business entails sales of inventory, you will have to purchase the merchandise from others or purchase the component parts and pay employees to assemble it. This may require a significant outlay of cash before the first dollar of sales is generated and received. You should consider how often and in what amounts your employees must be paid and when their payroll taxes must be deposited.

Additionally, you need to know the credit trade terms your vendors are willing to advance you. Do you have to pay for inventory items on a C.O.D. basis or can you pay for them 30 or 45 days after receipt? What expenses must be paid to allow you to convert purchased merchandise to salable inventory? If your production requires utilities to run machines or supplies such as dispensable chemicals or packing materials that must be purchased prior to the sale of the inventory, you should factor in the timing of payment.

In addition to the cost of manufacturing, you should consider whether your productive capacity will allow you to generate enough inventory to support the level of sales which you are predicting. If the volume of sales you forecast is above and beyond your ability to produce today, you must determine what changes in your operating environment must be made to meet the production levels. Will you need additional employees? If so, how much will they cost? Do you have to acquire additional machinery for your shop operations? What is the cost of the machinery, and when will you have to pay for it?

Once you have determined the cost of operating your production or service facilities, you need to consider what other expenses you must pay to keep the doors of your business open. You typically will have to pay rent for your office or manufacturing facility. You must consider how much the monthly payment is and when it has to be paid. Ask yourself if there will be other cash requirements such as a deposit on first and last month's rent. If you are opening a new business, you must consider what your cash requirements are to make your facility ready for your specific needs and purposes. Will you have to buy or rent furniture? Will you need to make tenant improvements or pay deposits for utilities and other services?

You also need to consider many of the overhead items and costs necessary to open a new business. Hopefully, these will be one-time expenses. There may be attorney's fees for drafting partnership agreements or incorporating your business, the cost to obtain business licenses, authorization from the taxing authorities, setting up an accounting system, stationery costs, and costs of signs or logos.

It may seem like the list of costs and expenses to be incurred is endless. It may even discourage you from moving forward with your business endeavor. However, it is imperative to make the list as detailed as possible to ensure that you have sufficient funds to make your operation ready for business prior to running out of cash. The more detailed the list and the more sufficient information you can provide, the less chance there is of unpleasant surprises as you move down the stream to opening your business.

In addition to determining the amount and volume of expenses and cash outlays you will have to make, it is critical to determine the timing of such payments. As we have discussed in other chapters, there may be a variety of financing alternatives available to you. Most of the start-up cost which you incur can be delayed or deferred until you can generate the cash from your operation to help pay them. This needs to be carefully analyzed and factored into your cash flow analysis. However, a good rule of thumb is to assume that you are going to have to pay your expenses sooner than you think and that you will collect your cash slower than you anticipate. If you work with this attitude, any surprises should be favorable ones.

### **Projected Statement of Cash Flow**

Cash flow projections can be very slow, time consuming, and tedious to undertake. It is often very tempting to hire someone else to prepare the projections for you. There are a variety of individuals who can help you do this, but the critical factor is that they only **help**. You, as the owner and operator of the business, are the only one truly qualified to develop your cash flow projections. You know what it takes to open and operate your

business. Certainly a trained professional can offer guidance and ask pointed questions to help you consider all of the necessary and sometimes hidden costs of operating a business. However, the more effort you put into developing the cash flow projections, the more accurate they will tend to be. Projections may also help you to pinpoint areas of potential cash savings which you had not otherwise considered.

Table 8-1 is a worksheet that may assist you in developing a cash flow analysis. Bear in mind however, this worksheet does not include all the items that should be considered in preparing your cash flow analysis. However, it should help raise many of the questions you need to ask yourself before deciding how much cash will be required to establish and operate your business and what period of time must elapse before you can expect to pay back the lender or return profits to your investors.

**TABLE 8.1 SAMPLE STATEMENT OF CASH FLOW**

PROJECTED STATEMENT OF CASH FLOW (for one year)				
	Projected Quarter Ending			
	First	Second	Third	Fourth
Net Income				
Add:				
Depreciation				
Net increase in Accounts Payable				
Net increase in Wages and Salaries Payable				
Subtract:				
Net increase in Accounts Receivable				
Net increase in Inventory				
Total Additions and Deductions				
Net Cash Provided by Business				
Net Change in Cash				
Cash Beginning of Period				
Cash End of Period				

## **CHAPTER 9**

# ***OBTAINING CREDIT AND FINANCING FOR YOUR COMPANY***

## **CHAPTER NINE**

### **OBTAINING CREDIT AND FINANCING FOR YOUR BUSINESS**

If you are not independently wealthy, and perhaps even if you are, eventually you will probably need to obtain some outside capital for your business. In some instances, you may need to obtain capital for the initial expenses prior to opening your business. The funds you require may be for expansion or working capital during the off season.

Generally, business financing can take two forms, debt or equity. Debt, of course, means borrowing money. The loans may come from family, friends, banks, other financial institutions, or professional investors. Equity relates to selling an ownership interest in your business. Such a sale can take many forms, such as the admitting of a partner or, if you are in a corporation, issuing of additional common stock, options, or warrants to investors. It is typically a prudent idea to consult with your attorney and accountant when dealing with business financing options, as there are many significant legal and financial ramifications to each form.

#### **How Do I Get the Money**

Irrespective of the type of financing you need and are able to obtain for your business, the process of obtaining it is somewhat similar. There are several questions that must be answered during the course of raising money for your business. The ability to answer these questions is critical to your success in obtaining financing as well as the overall success of the business. Remember, in raising capital you have to sell the ability of your business to potential investors in much the same way as you sell your product to your customers.

#### **1. How much cash do I need?**

To answer this question you will have to do some serious cash planning, which will require estimates of future sales, the related costs, and how quickly you must pay your vendors. You will also have to factor into your planning some assumptions about when you will generate enough cash to pay the money back. However, if you raise cash through equity you probably do not need to pay it back but your investors will want to know how the value of the business will grow and how they will benefit through dividends or selling their shares.

#### **2. What will you do with the money?**

One of the most important questions you will have to answer for a potential investor is how the money will be spent. Will you use it for equipment, to hire additional employees, or perhaps for research and development on a new improved product? Again, part of the answer to how you spend the money depends on how it will benefit the company.

**3. What experience do you have in running your business?**

One of the primary reasons for business failure is lack of experience and management. You will need to convince your investors that you have the knowledge, experience, and ability to manage your business and their money at the level at which you expect to operate.

**4. What is the climate for your type of business and your geographic location?**

Few investors will want to put money into your business if you haven't done sufficient "homework" to determine that you have a reasonable chance of success. If your business is based on existing economic or legal conditions which are subject to change in the near future your risks is substantially increased. Even if your business has great potential, if the local economy is sluggish to the point that it cannot support your venture, you need to be aware of this before moving ahead.

Once you have developed concrete answers to these and other pertinent questions, you can begin looking for financing. One of the first steps is to determine whether to raise funds through debt or equity. There are positive and negative aspects to each type of capital. The cost to your company of each type of funding is as different as is the way in which they are treated for income tax purposes. The interest on borrowed money is deductible by a business for income tax purposes, which reduces the effective cost to your company. Dividends you might pay on the same investment in stock would typically not be tax deductible by your company. In selling stock, there usually is no firm commitment by your company to pay the money back. But, your shareholder will want, and generally will have a legal right, to have a voice in the management of your company. When you have made the decision as to the type of financing you think is appropriate to fit your desires and needs, it is probably a good idea to consult with your accountant as to alternative types of debt or equity financing available.

**Financing Alternatives**

Whether you determine that debt or equity financing is the best choice for your company, there are a number of alternative types of financing available. Depending upon the nature of your business, the financing may be a combination of debt and equity and may be tailored to fit the specific needs of your company.

In the section **Equity Financing Services** we will only mention a few of the more conventional methods for a young company to obtain capital, though the possibilities are many. A good business oriented accountant can discuss these and other alternatives in greater detail.

## Debt Financing Sources

**Banks.** The first source of funds which typically comes to mind when borrowing money is a bank; that is why they are in business. Banks typically lend to small businesses on a secured basis using equipment, inventory, or accounts receivable. The more liquid and readily salable the assets you have to offer as security the more likely they will be acceptable to a banker. When talking to your bank loan officer ask if you need a “Business Credit Information Package” (BCIP). This standardized format will be helpful in organizing the information you must submit to your banker. Loans from a bank may take the following forms:

1. A line of credit which reviews annually and allows you to borrow up to a predetermined maximum as you need it and pay it back as funds from sales and receivable are collected.
2. A short-term demand note which is payable in full on a specified date.
3. A term loan for the purchase of a specific asset such as a computer or a machine.

As your relationship with your banker becomes better and your business becomes established, you may consider a long-term (three to five years) loan which will be payable in monthly installments.

**Lease financing.** In today’s business environment, it is quite common to acquire equipment through lease agreements. Leasing packages come in a variety of types through lease agreements. Leasing companies typically will accept a somewhat higher degree of credit risk because they are looking to the value of the equipment for collateral if your business cannot make the agreed upon payments. For this reason, leasing companies generally prefer to finance new equipment of a general purpose nature that can be resold if necessary. Leases often run for a period of three to five years. Because of the risk that leasing companies are willing to take, they are somewhat more expensive than commercial bank loans.

**Trade credit.** A very important source of financing for your company may be the vendors and suppliers with whom you do business. Many suppliers will ask for cash on delivery and others will want payment before starting on your order, depending on the nature of your purchase. Most suppliers will quickly establish trade credit with you once you have gained their confidence by continuing to do business with them and paying as requested. Establishing good relationships with trade creditors is essential because it allows you to use the goods and services in your operations and sell your product to your customers, in some instances before you pay for them. Future vendors will rely on the trade credit you build today as you attempt to establish yourself with them. Trade credit terms will vary depending on the type of purchase you are making, the industry you are buying from, and the industry you are in.

## **Equity Financing Sources**

Equity financing usually means selling a portion of your business. This can be accomplished in a number of ways, including the sales of common or preferred stock or stock warrants. Equity sales are usually carefully tailored to meet the needs of both the company and the investor.

**Venture capital companies.** A venture capital company or fund is typically a company that is in the business of taking greater risks for the opportunity of making greater returns. A venture capital fund is often backed by a group of individual or corporate investors. A management group that evaluates potential investments and manages the existing investment portfolio often represents the investors.

The price of venture capital financing is usually very high when compared to borrowing money from a bank, but it must be remembered that venture capitalists are dealing with much higher risk situations than commercial banks will finance. This cost of venture capital is measured in terms of the portion of your company you must sell to obtain the level of financing you require. A venture capital firm sometimes requires a 300 to 500 percentage return on its investment over a four to five year investment period. While this may seem like an enormously high return, a venture capitalist is in the risk business, and the return on a good investment must help offset those companies that do not meet their projections or fail altogether. To determine the price of such financing, a venture capitalist will start with the amount of financing you require and calculate what he must receive at the time his investment will be sold to allow him to achieve the rate of return he deems necessary.

Based upon the operating projections you provide, discounted based on his experience, he will estimate what your company might be worth at the time his investment will be liquidated. This might be at the point of a public offering or a sale to a corporate investor. The last step for a venture capital company in determining pricing is to calculate what percentage of the company he must own to realize the return he desires. At this point, the “horse trading” will generally begin. As a general rule, you will want to retain as much of the ownership of the company as you can. The venture capitalist will want enough ownership to achieve his investment goals and have some control over how his money is spent. This will often be achieved by voting power and representation on the Board of Directors. At the same time, a venture capitalist will want to be sure there is sufficient reward in the company for you and your management team to be motivated and achieve the projections in your business plan.

A venture capital company is often managed by an individual or a group of individuals with a strong background in business and management. They can often provide depth of experience and management assistance in areas where your management team may be weak. A venture capital group can very often provide contacts and valuable introductions in your industry. Remember, a venture capital investor will become a member of your team.

**Private individuals.** Very often, individuals who are successful in their own right and have accumulated substantial wealth may be looked to for investment in your business venture. Such individuals may believe that the success of your business may enhance theirs as well as help increase their personal wealth. These individuals, like a venture capital company, very often want to participate in the management activities of your firm and help guide your progress through representation on the Board of Directors. The business acumen and contacts of these individuals can often be a valuable asset of your business. An individual investor will often react to opportunity much quicker than a venture capital firm and will typically have only his own interests to serve as opposed to a financial backer or group of limited partners.

Individual investors can be more flexible in the type of investment structure they can deal with, and often have personal, financial, and tax motivations to consider.

## **CHAPTER 10**

# ***INSURANCE***

## CHAPTER TEN INSURANCE

Business insurance, like many types of expenditures, is one of those items which business owners typically do not like to pay. However, sufficient insurance can be as critical to the success of your business as the product or service you provide. Imagine what might happen if you were unable to oversee your business for a period of time, if customers were unable to pay their accounts, or if your plant or other business assets were damaged. Without proper insurance, you could lose all of the money, time, and effort you put into your company.

Think of insurance as a means of managing the risks that could affect the productivity of your business. The types and amounts of coverage you purchase should be evaluated on a cost-benefit basis just like any other commodity that you purchase. Your accountant and insurance agent can help you review the types and amount of coverage that is best for you and your business. Initially, you will want to insure against risks that would have an immediate and significant detrimental impact on your business. This normally would include such items as fire, storm damage, theft, and general and product liability. As your business grows, you will want to look at other risks, such as what would happen to the company if you or a key employee were unable to work. You might consider key-man life insurance, disability insurance, hedging, and financial planning for these possible risks.

Depending on the nature and size of your business, it is often a good idea to self-insure for all or a portion of certain losses. Self-insurance can be accomplished by not buying coverage for incidental risks or increasing the deductions on policies that you do buy. Often, raising the deductible can have a very favorable impact on policy premiums. The insurance company's administrative cost to process small claims is quite high. Consequently, the rates typically go down if the companies are relieved of this expense by issuing policies that insure for losses in excess of a sizable deductible amount. An insurance broker can provide you with comparative costs for various types of coverage with varying degrees of deductible amounts.

### **Required Policies**

Very little insurance coverage is mandatory. The only insurance coverage typically required by law is workman's compensation which covers injuries to employees while on the job.

You must also be aware that the terms of your building, office lease, or mortgage may require you to carry certain kinds of insurance coverage in specified minimum amounts. If you have leased equipment or have borrowed money from a bank or other lenders, there will usually be insurance requirements in the agreements relating to these transactions. There are many other types of policies that you may wish to consider. The specific coverage provided by each and the related costs can be explained in depth by a qualified insurance broker.

Some of the types of insurance coverage that you might consider for your business are listed below:

**Business Interruption.** This coverage, as the name implies, covers the loss of revenues your business would generate if you were forced to shut down for reasons beyond your control. While this is obviously valuable insurance, the policy premium must be carefully considered relative to the potential profits your business might lose during a short shut-down of operations

**Employee Fidelity Bond.** This type of insurance typically covers the risk of loss from theft by employees. If your business deals in large amounts of cash, negotiable securities, or similar types of assets, you may be well advised to consider this coverage. Certain industries are required to carry this insurance by regulatory authorities.

**Umbrella Coverage.** This type of insurance covers losses above and beyond the limits of other policies that you carry. Umbrella policies usually pertain to liability of various sorts and are usually valuable if your business or you have a net worth that requires protection in the event of a catastrophic loss.

Insurance is like any other product that you purchase. Before purchasing it you should consult with more than one broker as to your needs for protection. You should discuss insurance needs with acquaintances in the same or related business as yours. Before buying coverage, you should check out the reputation of the company that is underwriting the policy. Insurance companies are regulated in Ohio by the Commissioner of Insurance and are licensed to do business in the state. Companies are rated by the A. M. Best Company and such ratings are available through your insurance broker.

## **CHAPTER 11**

# ***SELECTING PROFESSIONAL ADVISORS***

## CHAPTER ELEVEN SELECTING PROFESSIONAL ADVISORS

Starting your own business obviously entails a multitude of decisions - decisions which can seem overwhelming without the right players on your team. In order to succeed, you need to equip yourself with every tool at your disposal.

One of the most cost-effective tools you can apply is the expertise of a specialist. The right accountant and attorney can eliminate a host of problems and potentially costly errors you might make as you build the financial foundation of your successful business.

As any coach can tell you, having a first rate quarterback (you) will not guarantee a winning team without a first rate line of defense. The right accountant and attorney is your best defense. Their expertise can help save you money, which in turn can be used to increase profits.

When enlisting the expertise of an accountant and attorney, you want a specialist suited to meet your specific needs. You want a specialist who will listen to you. More importantly, you need someone you **can** and **will** listen to as they devise strategies to help you succeed.

You want to succeed - and you can. By taking the time to make key decisions and enlisting the right players on your team, you will succeed!

We wish you success and welcome you to the wonderful world of free enterprise.

## ***CONCLUSION***

## **CONCLUSION**

You now have a handy reference guide to starting a business. With it, you should be able to successfully handle many of the problems encountered in starting and running a business. Always remember to seek professional advice in areas of which you are unsure. The benefit will far outweigh the cost. Good luck!

## **APPENDIX A**

# ***REGISTERING WITH TAX AUTHORITIES***

# Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)

OMB No. 1545-0003

EIN

▶ See separate instructions for each line. ▶ Keep a copy for your records.

<b>Type or print clearly.</b>	<b>1</b> Legal name of entity (or individual) for whom the EIN is being requested				
	<b>2</b> Trade name of business (if different from name on line 1)	<b>3</b> Executor, administrator, trustee, "care of" name			
	<b>4a</b> Mailing address (room, apt., suite no. and street, or P.O. box)	<b>5a</b> Street address (if different) (Do not enter a P.O. box.)			
	<b>4b</b> City, state, and ZIP code (if foreign, see instructions)	<b>5b</b> City, state, and ZIP code (if foreign, see instructions)			
	<b>6</b> County and state where principal business is located				
	<b>7a</b> Name of responsible party	<b>7b</b> SSN, ITIN, or EIN			
<b>8a</b> Is this application for a limited liability company (LLC) (or a foreign equivalent)? <input type="checkbox"/> Yes <input type="checkbox"/> No	<b>8b</b> If 8a is "Yes," enter the number of LLC members ▶				
<b>8c</b> If 8a is "Yes," was the LLC organized in the United States? <input type="checkbox"/> Yes <input type="checkbox"/> No					
<b>9a</b> <b>Type of entity</b> (check only one box). <b>Caution.</b> If 8a is "Yes," see the instructions for the correct box to check.					
<input type="checkbox"/> Sole proprietor (SSN) _____ <input type="checkbox"/> Estate (SSN of decedent) _____ <input type="checkbox"/> Partnership <input type="checkbox"/> Plan administrator (TIN) _____ <input type="checkbox"/> Corporation (enter form number to be filed) ▶ _____ <input type="checkbox"/> Trust (TIN of grantor) _____ <input type="checkbox"/> Personal service corporation <input type="checkbox"/> National Guard <input type="checkbox"/> State/local government <input type="checkbox"/> Church or church-controlled organization <input type="checkbox"/> Farmers' cooperative <input type="checkbox"/> Federal government/military <input type="checkbox"/> Other nonprofit organization (specify) ▶ _____ <input type="checkbox"/> REMIC <input type="checkbox"/> Indian tribal governments/enterprises <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Group Exemption Number (GEN) if any ▶ _____					
<b>9b</b> If a corporation, name the state or foreign country (if applicable) where incorporated	State _____	Foreign country _____			
<b>10</b> <b>Reason for applying</b> (check only one box)					
<input type="checkbox"/> Started new business (specify type) ▶ _____ <input type="checkbox"/> Banking purpose (specify purpose) ▶ _____ <input type="checkbox"/> Hired employees (Check the box and see line 13.) <input type="checkbox"/> Changed type of organization (specify new type) ▶ _____ <input type="checkbox"/> Compliance with IRS withholding regulations <input type="checkbox"/> Purchased going business <input type="checkbox"/> Other (specify) ▶ _____ <input type="checkbox"/> Created a trust (specify type) ▶ _____ <input type="checkbox"/> Created a pension plan (specify type) ▶ _____					
<b>11</b> Date business started or acquired (month, day, year). See instructions.	<b>12</b> Closing month of accounting year				
<b>13</b> Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.	<b>14</b> If you expect your employment tax liability to be \$1,000 or less in a full calendar year <b>and</b> want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages.) If you do not check this box, you must file Form 941 for every quarter. <input type="checkbox"/>				
<table style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%; text-align: center;">Agricultural</td> <td style="width:33%; text-align: center;">Household</td> <td style="width:33%; text-align: center;">Other</td> </tr> </table>			Agricultural	Household	Other
Agricultural	Household	Other			
<b>15</b> First date wages or annuities were paid (month, day, year). <b>Note.</b> If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) ▶					
<b>16</b> Check <b>one</b> box that best describes the principal activity of your business.					
<input type="checkbox"/> Construction <input type="checkbox"/> Rental & leasing <input type="checkbox"/> Transportation & warehousing <input type="checkbox"/> Health care & social assistance <input type="checkbox"/> Wholesale-agent/broker <input type="checkbox"/> Real estate <input type="checkbox"/> Manufacturing <input type="checkbox"/> Finance & insurance <input type="checkbox"/> Accommodation & food service <input type="checkbox"/> Wholesale-other <input type="checkbox"/> Retail <input type="checkbox"/> Other (specify)					
<b>17</b> Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.					
<b>18</b> Has the applicant entity shown on line 1 ever applied for and received an EIN? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," write previous EIN here ▶ _____					
<b>Third Party Designee</b>	Complete this section <b>only</b> if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.				
	Designee's name	Designee's telephone number (include area code) ( )			
	Address and ZIP code	Designee's fax number (include area code) ( )			
Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.		Applicant's telephone number (include area code) ( )			
Name and title (type or print clearly) ▶		Applicant's fax number (include area code) ( )			
Signature ▶	Date ▶				

## Do I Need an EIN?

File Form SS-4 if the applicant entity does not already have an EIN but is required to show an EIN on any return, statement, or other document.<sup>1</sup> See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
Started a new business	Does not currently have (nor expect to have) employees	Complete lines 1, 2, 4a-8a, 8b-c (if applicable), 9a, 9b (if applicable), and 10-14 and 16-18.
Hired (or will hire) employees, including household employees	Does not already have an EIN	Complete lines 1, 2, 4a-6, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10-18.
Opened a bank account	Needs an EIN for banking purposes only	Complete lines 1-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Changed type of organization	Either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership) <sup>2</sup>	Complete lines 1-18 (as applicable).
Purchased a going business <sup>3</sup>	Does not already have an EIN	Complete lines 1-18 (as applicable).
Created a trust	The trust is other than a grantor trust or an IRA trust <sup>4</sup>	Complete lines 1-18 (as applicable).
Created a pension plan as a plan administrator <sup>5</sup>	Needs an EIN for reporting purposes	Complete lines 1, 3, 4a-5b, 9a, 10, and 18.
Is a foreign person needing an EIN to comply with IRS withholding regulations	Needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits <sup>6</sup>	Complete lines 1-5b, 7a-b (SSN or ITIN optional), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is administering an estate	Needs an EIN to report estate income on Form 1041	Complete lines 1-6, 9a, 10-12, 13-17 (if applicable), and 18.
Is a withholding agent for taxes on non-wage income paid to an alien (i.e., individual, corporation, or partnership, etc.)	Is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	Complete lines 1, 2, 3 (if applicable), 4a-5b, 7a-b (if applicable), 8a, 8b-c (if applicable), 9a, 9b (if applicable), 10, and 18.
Is a state or local agency	Serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581 <sup>7</sup>	Complete lines 1, 2, 4a-5b, 9a, 10, and 18.
Is a single-member LLC	Needs an EIN to file Form 8832, Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes <sup>8</sup>	Complete lines 1-18 (as applicable).
Is an S corporation	Needs an EIN to file Form 2553, Election by a Small Business Corporation <sup>9</sup>	Complete lines 1-18 (as applicable).

<sup>1</sup> For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity does not have employees.

<sup>2</sup> However, do not apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

<sup>3</sup> Do not use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

<sup>4</sup> However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

<sup>5</sup> A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

<sup>6</sup> Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

<sup>7</sup> See also *Household employer* on page 4 of the instructions. **Note.** State or local agencies may need an EIN for other reasons, for example, hired employees.

<sup>8</sup> See *Disregarded entities* on page 4 of the instructions for details on completing Form SS-4 for an LLC.

<sup>9</sup> An existing corporation that is electing or revoking S corporation status should use its previously-assigned EIN.

**Note:** The Instructions for Form SS-4 begin on the next page of this document.

## **Change to Domestic Employer Identification Number (EIN) Assignment by Toll-Free Phones**

Beginning January 6, 2014, the IRS will refer all domestic EIN requests received by toll-free phones to the EIN Online Assistant. You can access the Assistant by going to [www.irs.gov](http://www.irs.gov), entering “EIN” in the “Search” feature and following instructions for applying for an EIN online.

### **Attention Limit of one (1) Employer Identification Number (EIN) Issuance per Business Day**

Effective May 21, 2012, to ensure fair and equitable treatment for all taxpayers, the Internal Revenue Service (IRS) will limit Employer Identification Number (EIN) issuance to one per responsible party per day. For trusts, the limitation is applied to the grantor, owner, or trustor. For estates, the limitation is applied to the decedent (decedent estate) or the debtor (bankruptcy estate). This limitation is applicable to all requests for EINs whether online or by phone, fax or mail. We apologize for any inconvenience this may cause.

## **Change to Where to File Address and Fax-TIN Number**

There is a change to the Instructions for Form SS-4 (Rev. January 2011). On page 2, under the “Where to File or Fax” table, the address and Fax-TIN number have changed. If you are applying for an Employer Identification Number (EIN), and you have no legal residence, principal place of business, or principal office or agency in any state or the District of Columbia, file or fax your application to:

Internal Revenue Service Center  
Attn: EIN International Operation  
Cincinnati, OH 45999  
Fax-TIN: 859-669-5987

This change will be included in the next revision of the Instructions for Form SS-4.

# Instructions for Form SS-4



Department of the Treasury  
Internal Revenue Service

(Rev. January 2011)

## Application for Employer Identification Number (EIN) Use with the January 2010 revision of Form SS-4

Section references are to the Internal Revenue Code unless otherwise noted.

### What's New

**EIN operations contact information.** Contact information for EIN operations at the Philadelphia Internal Revenue Service Center has changed.

- The phone number to use for Form SS-4 applicants outside of the United States has changed to 1-267-941-1099. See the *Note* in the *Telephone* section under *How to Apply*, later.
- The ZIP code for EIN Operations at the Philadelphia Internal Revenue Service Center now includes a ZIP+4 extension. The revised ZIP code is 19255-0525.
- The Fax-TIN number for EIN Operations at the Philadelphia Internal Revenue Service Center has changed to 1-267-941-1040. See the *Where to File or Fax* table on page 2.

**Federal tax deposits must be made by electronic funds transfer.** Beginning January 1, 2011, you must use electronic funds transfer to make all federal tax deposits (such as deposits of employment tax, excise tax, and corporate income tax). Forms 8109 and 8109-B, Federal Tax Deposit Coupon, cannot be used after December 31, 2010. Generally, electronic fund transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you do not want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make deposits on your behalf. You also may arrange for your financial institution to initiate a same-day wire on your behalf. EFTPS is a free service provided by the Department of Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

To get more information about EFTPS or to enroll in EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call 1-800-555-4477. Additional information about EFTPS is also available in Publication 966, *The Secure Way to Pay Your Federal Taxes*.

### General Instructions

Use these instructions to complete Form SS-4, Application for Employer Identification Number (EIN). Also see *Do I Need an EIN?* on page 2 of Form SS-4.

### Purpose of Form

Use Form SS-4 to apply for an EIN. An EIN is a nine-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes. The information you provide on this form will establish your business tax account.



An EIN is for use in connection with your business activities only. Do not use your EIN in place of your social security number (SSN).

### Reminders

**Apply online.** Generally, you can apply for and receive an EIN on IRS.gov. See *How To Apply*, later.



This is a free service offered by the Internal Revenue Service at IRS.gov.

**File only one Form SS-4.** Generally, a sole proprietor should file only one Form SS-4 and needs only one EIN, regardless of

the number of businesses operated as a sole proprietorship or trade names under which a business operates. However, if a sole proprietorship incorporates or enters into a partnership, a new EIN is required. Also, each corporation in an affiliated group must have its own EIN.

**EIN applied for, but not received.** If you do not have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. Do not show your SSN as an EIN on returns.

If you do not have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue Service Center for your filing area as shown in the instructions for the form that you are filing. Make your check or money order payable to the "United States Treasury" and show your name (as shown on Form SS-4), address, type of tax, period covered, and date you applied for an EIN.

**Election to file Form 944.** Eligible employers may now elect to file Form 944 annually instead of Forms 941 quarterly. See *Line 14. Do you want to file Form 944?* on page 5 for details.

**Electronic filing and payment.** Businesses can file and pay federal taxes electronically. Use e-file and the Electronic Federal Tax Payment System (EFTPS).

- For additional information about e-file, visit IRS.gov.
- For additional information about EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 1-800-555-4477, 1-800-733-4829 (TDD), or 1-800-244-4829 (Spanish).

**Federal tax deposits.** New employers that have a federal tax obligation will be pre-enrolled in EFTPS. EFTPS allows you to make all of your federal tax payments online at [www.eftps.gov](http://www.eftps.gov) or by telephone. Shortly after we have assigned you your EIN, you will receive instructions by mail for activating your EFTPS enrollment. You will also receive an EFTPS Personal Identification Number (PIN) that you will use when making your payments, as well as instructions for obtaining an online password.

For more information on federal tax deposits, see Pub. 15 (*Circular E*), *Employer's Tax Guide*.

### How To Apply

You can apply for an EIN online, by telephone, by fax, or by mail, depending on how soon you need to use the EIN. Use only one method for each entity so you do not receive more than one EIN for an entity.

**Online.** Taxpayers and authorized third party designees located within the United States and U.S. possessions can receive an EIN online and use it immediately to file a return or make a payment. Go to the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and click on *Employer ID Numbers*.



Taxpayers who apply online have an option to view, print, and save their EIN assignment notice at the end of the session. (Authorized third party designees will receive the EIN, however, the EIN assignment notice will be mailed to the applicant.)



Applicants who are not located within the United States or U.S. possessions cannot use the online application to obtain an EIN. Please use one of the other methods to apply.

**Telephone.** You can receive your EIN by telephone and use it immediately to file a return or make a payment. Call the IRS at 1-800-829-4933 (toll free). The hours of operation are 7:00 a.m. to 10:00 p.m. local time (Pacific time for Alaska and Hawaii).

The person making the call must be authorized to sign the form or be an authorized designee. See *Third Party Designee* and *Signature* on page 6. Also see the first *TIP* on page 2.

**Note.** International applicants must call 1-267-941-1099 (not toll free).

If you are applying by telephone, it will be helpful to complete Form SS-4 before contacting the IRS. An IRS representative will use the information from the Form SS-4 to establish your account and assign you an EIN. Write the number you are given on the upper right corner of the form and sign and date it. Keep this copy for your records.

If requested by an IRS representative, mail or fax the signed Form SS-4 (including any third party designee authorization) within 24 hours to the IRS address provided by the IRS representative.

**TIP** *Taxpayer representatives can apply for an EIN on behalf of their client and request that the EIN be faxed to their client on the same day. **Note.** By using this procedure, you are authorizing the IRS to fax the EIN without a cover sheet.*

**Fax.** Under the Fax-TIN program, you can receive your EIN by fax within 4 business days. Complete and fax Form SS-4 to the IRS using the appropriate Fax-TIN number listed below. A long-distance charge to callers outside of the local calling area will apply. Fax-TIN numbers can only be used to apply for an EIN. The numbers may change without notice. Fax-TIN is available 24 hours a day, 7 days a week.

Be sure to provide your fax number so the IRS can fax the EIN back to you.

**Mail.** Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the service center address for your state. You will receive your EIN in the mail in approximately 4 weeks. Also see *Third Party Designee* on page 6.

Call 1-800-829-4933 to verify a number or to ask about the status of an application by mail.

**TIP** *Form SS-4 downloaded from IRS.gov is a fill-in form, and when completed, is suitable for faxing or mailing to the IRS.*

#### Where to File or Fax

If your principal business, office or agency, or legal residence in the case of an individual, is located in:	File or fax with the "Internal Revenue Service Center" at:
One of the 50 states or the District of Columbia	Attn: EIN Operation Cincinnati, OH 45999  Fax-TIN: 859-669-5760
If you have no legal residence, principal place of business, or principal office or agency in any state or the District of Columbia:	Attn: EIN Operation Philadelphia, PA 19255-0525  Fax-TIN: 267-941-1040

## How To Get Forms and Publications

**Internet.** You can download, view, and order tax forms, instructions, and publications at IRS.gov.

**Phone.** Call 1-800-TAX-FORM (1-800-829-3676) to order forms, instructions, and publications. You should receive your order or notification of its status within 10 workdays.

**DVD for Tax Products.** For small businesses, return preparers, or others who may frequently need tax forms or publications, a DVD containing over 2,000 tax products (including many prior year forms) can be purchased from the National Technical Information Service (NTIS).

To order Pub. 1796, IRS Tax Products DVD, call 1-877-233-6767 or go to [www.irs.gov/cdorders](http://www.irs.gov/cdorders).

**TIP** *Tax help for your business is available at [www.irs.gov/businesses/](http://www.irs.gov/businesses/).*

## Related Forms and Publications

The following forms and instructions may be useful to filers of Form SS-4.

- Form 11-C, Occupational Tax and Registration Return for Wagering.
- Form 637, Application for Registration (For Certain Excise Tax Activities).
- Form 720, Quarterly Federal Excise Tax Return.
- Form 730, Monthly Tax Return for Wagers.
- Form 941, Employer's QUARTERLY Federal Tax Return.
- Form 944, Employer's ANNUAL Federal Tax Return.
- Form 990-T, Exempt Organization Business Income Tax Return.
- Instructions for Form 990-T.
- Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
- Form 1024, Application for Recognition of Exemption Under Section 501(a).
- Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship).
- Schedule F (Form 1040), Profit or Loss From Farming.
- Instructions for Form 1041 and Schedules A, B, G, J, and K-1, U.S. Income Tax Return for Estates and Trusts.
- Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
- Instructions for Form 1065, U.S. Return of Partnership Income.
- Instructions for Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return.
- Instructions for Forms 1120.
- Form 2290, Heavy Highway Vehicle Use Tax Return.
- Form 2553, Election by a Small Business Corporation.
- Form 2848, Power of Attorney and Declaration of Representative.
- Form 8821, Tax Information Authorization.
- Form 8832, Entity Classification Election.
- Form 8849, Claim for Refund of Excise Taxes.

For more information about filing Form SS-4 and related issues, see:

- Pub. 15 (Circular E), Employer's Tax Guide;
- Pub. 51 (Circular A), Agricultural Employer's Tax Guide;
- Pub. 538, Accounting Periods and Methods;
- Pub. 542, Corporations;
- Pub. 557, Tax-Exempt Status for Your Organization;
- Pub. 583, Starting a Business and Keeping Records;
- Pub. 966, The Secure Way to Pay Your Federal Taxes for Business and Individual Taxpayers;
- Pub. 1635, Understanding Your EIN.

## Specific Instructions

Follow the instructions for each line to expedite processing and to avoid unnecessary IRS requests for additional information. Enter "N/A" on the lines that do not apply.

**Line 1. Legal name of entity (or individual) for whom the EIN is being requested.** Enter the legal name of the entity (or individual) applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document. An entry is required.

**Individuals.** Enter your first name, middle initial, and last name. If you are a sole proprietor, enter your individual name, not your business name. Enter your business name on line 2. Do not use abbreviations or nicknames on line 1.

**Trusts.** Enter the name of the trust as it appears on the trust instrument.

**Estate of a decedent.** Enter the name of the estate. For an estate that has no legal name, enter the name of the decedent followed by "Estate."

**Partnerships.** Enter the legal name of the partnership as it appears in the partnership agreement.

**Corporations.** Enter the corporate name as it appears in the corporate charter or other legal document creating it.

**Plan administrators.** Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

**Line 2. Trade name of business.** Enter the trade name of the business if different from the legal name. The trade name is the "doing business as" (DBA) name.



*Use the full legal name shown on line 1 on all tax returns filed for the entity. (However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal name, enter the trade name on all returns you file.) To prevent processing delays and errors, use only the legal name (or the trade name) on all tax returns.*

**Line 3. Executor, administrator, trustee, "care of" name.** For trusts, enter the name of the trustee. For estates, enter the name of the executor, administrator, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of" person. Enter the individual's first name, middle initial, and last name.

**Lines 4a–b. Mailing address.** Enter the mailing address for the entity's correspondence. If the entity's address is outside the United States or its possessions, you must enter the city, province or state, postal code, and the name of the country. Do not abbreviate the country name. If line 3 is completed, enter the address for the executor, trustee or "care of" person. Generally, this address will be used on all tax returns.

If the entity is filing the Form SS-4 only to obtain an EIN for the Form 8832, use the same address where you would like to have the acceptance or nonacceptance letter sent.



*File Form 8822, Change of Address, to report any subsequent changes to the entity's mailing address.*

**Lines 5a–b. Street address.** Provide the entity's physical address only if different from its mailing address shown in lines 4a–b. Do not enter a P.O. box number here. If the entity's address is outside the United States or its possessions, you must enter the city, province or state, postal code, and the name of the country. Do not abbreviate the country name.

**Line 6. County and state where principal business is located.** Enter the entity's primary physical location.

**Lines 7a–b. Name of responsible party.** Enter the full name (first name, middle initial, last name, if applicable) and SSN, ITIN (individual taxpayer identification number), or EIN of the entity's responsible party as defined below.

**Responsible party defined.** For entities with shares or interests traded on a public exchange, or which are registered with the Securities and Exchange Commission, "responsible party" is (a) the principal officer, if the business is a corporation, (b) a general partner, if a partnership, (c) the owner of an entity that is disregarded as separate from its owner (disregarded entities owned by a corporation enter the corporation's name and EIN), or (d) a grantor, owner, or trustor, if a trust.

For all other entities, "responsible party" is the person who has a level of control over, or entitlement to, the funds or assets in the entity that, as a practical matter, enables the individual, directly or indirectly, to control, manage, or direct the entity and the disposition of its funds and assets. The ability to fund the entity or the entitlement to the property of the entity alone, however, without any corresponding authority to control, manage, or direct the entity (such as in the case of a minor child beneficiary), does not cause the individual to be a responsible party.

If the person in question is an alien individual with a previously assigned ITIN, enter the ITIN in the space provided and submit a copy of an official identifying document. If

necessary, complete Form W-7, Application for IRS Individual Taxpayer Identification Number, to obtain an ITIN.

You must enter an SSN, ITIN, or EIN on line 7b unless the only reason you are applying for an EIN is to make an entity classification election (see Regulations sections 301.7701-1 through 301.7701-3) and you are a nonresident alien or other foreign entity with no effectively connected income from sources within the United States.

**Lines 8a–c. Limited liability company (LLC) information.** An LLC is an entity organized under the laws of a state or foreign country as a limited liability company. For federal tax purposes, an LLC may be treated as a partnership or corporation or be disregarded as an entity separate from its owner.

By default, a domestic LLC with only one member is disregarded as an entity separate from its owner and must include all of its income and expenses on the owner's tax return (for example, Schedule C (Form 1040)). Also by default, a domestic LLC with two or more members is treated as a partnership. A domestic LLC may file Form 8832 to avoid either default classification and elect to be classified as an association taxable as a corporation. For more information on entity classifications (including the rules for foreign entities), see the instructions for Form 8832.

If the answer to line 8a is "Yes," enter the number of LLC members. If the LLC is owned solely by a husband and wife in a community property state and the husband and wife choose to treat the entity as a disregarded entity, enter "1" on line 8b.



*Do not file Form 8832 if the LLC accepts the default classifications above. If the LLC is eligible to be treated as a corporation that meets certain tests and it will be electing S corporation status, it must timely file Form 2553. The LLC will be treated as a corporation as of the effective date of the S corporation election and does not need to file Form 8832. See the Instructions for Form 2553.*

**Line 9a. Type of entity.** Check the box that best describes the type of entity applying for the EIN. If you are an alien individual with an ITIN previously assigned to you, enter the ITIN in place of a requested SSN.



*This is not an election for a tax classification of an entity. See Disregarded entities on page 4.*

**Sole proprietor.** Check this box if you file Schedule C, or Schedule F (Form 1040) and have a qualified plan, or are required to file excise, employment, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. Enter your SSN (or ITIN) in the space provided. If you are a nonresident alien with no effectively connected income from sources within the United States, you do not need to enter an SSN or ITIN.

**Corporation.** This box is for any corporation other than a personal service corporation. If you check this box, enter the income tax form number to be filed by the entity in the space provided.



*If you entered "1120S" after the "Corporation" checkbox, the corporation must file Form 2553 no later than the 15th day of the 3rd month of the tax year the election is to take effect. Until Form 2553 has been received and approved, you will be considered a Form 1120 filer. See the Instructions for Form 2553.*

**Personal service corporation.** Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- The principal activity of the entity during the testing period (prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- The employee-owners own at least 10% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as health, law, accounting, or consulting. For more

information about personal service corporations, see the Instructions for Form 1120 and Pub. 542.



*If the corporation is recently formed, the testing period begins on the first day of its tax year and ends on the earlier of the last day of its tax year, or the last day of the calendar year in which its tax year begins.*

**Other nonprofit organization.** Check this box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).



*If the organization also seeks tax-exempt status, you must file either Form 1023 or Form 1024. See Pub. 557 for more information.*

If the organization is covered by a group exemption letter, enter the four-digit group exemption number (GEN) in the last entry. (Do not confuse the GEN with the nine-digit EIN.) If you do not know the GEN, contact the parent organization. See Pub. 557 for more information about group exemption letters.

If the organization is a section 527 political organization, check the box for *Other nonprofit organization* and specify "section 527 organization" in the space to the right. To be recognized as exempt from tax, a section 527 political organization must electronically file Form 8871, Political Organization Notice of Section 527 Status, within 24 hours of the date on which the organization was established. The organization may also have to file Form 8872, Political Organization Report of Contributions and Expenditures. See [www.irs.gov/polorgs](http://www.irs.gov/polorgs) for more information.

**Plan administrator.** If the plan administrator is an individual, enter the plan administrator's taxpayer identification number (TIN) in the space provided.

**REMIC.** Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.

**State/local government.** If you are a government employer and you are not sure of your social security and Medicare coverage options, go to [www.ncsssa.org/statessadminmenu.html](http://www.ncsssa.org/statessadminmenu.html) to obtain the contact information for your state's Social Security Administrator.

**Other.** If not specifically listed, check the "Other" box, enter the type of entity and the type of return, if any, that will be filed (for example, "Common Trust Fund, Form 1065" or "Created a Pension Plan"). Do not enter "N/A." If you are an alien individual applying for an EIN, see the *Lines 7a–b* instructions on page 3.

• **Household employer.** If you are an individual that will employ someone to provide services in your household, check the "Other" box and enter "Household Employer" and your SSN. If you are a trust that qualifies as a household employer, you do not need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.

• **Household employer agent.** If you are an agent of a household employer that is a disabled individual or other welfare recipient receiving home care services through a state or local program, check the "Other" box and enter "Household Employer Agent." (See Rev. Proc. 80-4, 1980-1 C.B. 581; Rev. Proc. 84-33, 1984-1 C.B. 502; and Notice 2003-70, 2003-43 I.R.B. 916.) If you are a state or local government also check the box for state/local government.

• **QSub.** For a qualified subchapter S subsidiary (QSub) check the "Other" box and specify "QSub."

• **Withholding agent.** If you are a withholding agent required to file Form 1042, check the "Other" box and enter "Withholding Agent."

**Disregarded entities.** A disregarded entity is an eligible entity that is disregarded as separate from its owner for federal income tax purposes. Disregarded entities include single-member limited liability companies (LLCs) that are disregarded as separate from their owners, qualified subchapter S subsidiaries (qualified subsidiaries of an S corporation), and certain qualified foreign entities. See the Instructions for Form 8832 and Regulations section 301.7701-3 for more information on domestic and foreign disregarded entities.

For wages paid on or after January 1, 2009, the disregarded entity is required to use its name and EIN for reporting and payment of employment taxes. A disregarded entity is also required to use its name and EIN to register for excise tax activities on Form 637, pay and report excise taxes reported on Forms 720, 730, 2290, and 11-C, and claim any refunds, credits, and payments on Form 8849. See the instructions for the employment and excise tax returns for more information.

Complete Form SS-4 for disregarded entities as follows.

• If a disregarded entity is filing Form SS-4 to obtain an EIN because it is required to report and pay employment and excise taxes (see above) or for non-federal purposes such as a state requirement, check the "Other" box for line 9a and write "disregarded entity" (or "disregarded entity-sole proprietorship" if the owner of the disregarded entity is an individual).

• If the disregarded entity is requesting an EIN for purposes of filing Form 8832 to elect classification as an association taxable as a corporation, or Form 2553 to elect S corporation status, check the "Corporation" box for line 9a and write "single-member" and the form number of the return that will be filed (Form 1120 or 1120S).

• If the disregarded entity is requesting an EIN because it has acquired one or more additional owners and its classification has changed to partnership under the default rules of Regulations section 301.7701-3(f), check the "Partnership" box for line 9a.

**Line 10. Reason for applying.** Check only one box. Do not enter "N/A." A selection is required.

**Started new business.** Check this box if you are starting a new business that requires an EIN. If you check this box, enter the type of business being started. Do not apply if you already have an EIN and are only adding another place of business.

**Hired employees.** Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. Do not apply if you already have an EIN and are only hiring employees. For information on employment taxes (for example, for family members), see Pub. 15 (Circular E).



*You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using EFTPS. See Federal tax deposits must be made by electronic funds transfer on page 1; section 11, Depositing Taxes, in Pub. 15 (Circular E); and Pub. 966.*

**Banking purpose.** Check this box if you are requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for depositing dues or an investment club for dividend and interest reporting).

**Changed type of organization.** Check this box if the business is changing its type of organization. For example, the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided (including available space immediately below) the type of change made. For example, "From Sole Proprietorship to Partnership."

**Purchased going business.** Check this box if you purchased an existing business. Do not use the former owner's EIN unless you became the "owner" of a corporation by acquiring its stock.

**Created a trust.** Check this box if you created a trust, and enter the type of trust created. For example, indicate if the trust is a nonexempt charitable trust or a split-interest trust.

**Exception.** Do not file this form for certain grantor-type trusts. The trustee does not need an EIN for the trust if the trustee furnishes the name and TIN of the grantor/owner and the address of the trust to all payers. However, grantor trusts that do not file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.



*Do not check this box if you are applying for a trust EIN when a new pension plan is established. Check "Created a pension plan."*

**Created a pension plan.** Check this box if you have created a pension plan and need an EIN for reporting purposes. Also, enter the type of plan in the space provided.

**TIP** Check this box if you are applying for a trust EIN when a new pension plan is established. In addition, check the "Other" box on line 9a and write "Created a Pension Plan" in the space provided.

**Other.** Check this box if you are requesting an EIN for any other reason; and enter the reason. For example, a newly-formed state government entity should enter "Newly-Formed State Government Entity" in the space provided.

**Line 11. Date business started or acquired.** If you are starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. For foreign applicants, this is the date you began or acquired a business in the United States. If you are changing the form of ownership of your business, enter the date the new ownership entity began. Trusts should enter the date the trust was funded. Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.

**Line 12. Closing month of accounting year.** Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538.

**Individuals.** Your tax year generally will be a calendar year.

**Partnerships.** Partnerships must adopt one of the following tax years.

- The tax year of the majority of its partners.
- The tax year common to all of its principal partners.
- The tax year that results in the least aggregate deferral of income.
- In certain cases, some other tax year.

See the Instructions for Form 1065 for more information.

**REMICs.** REMICs must have a calendar year as their tax year.

**Personal service corporations.** A personal service corporation generally must adopt a calendar year unless it meets one of the following requirements.

- It can establish a business purpose for having a different tax year.
- It elects under section 444 to have a tax year other than a calendar year.

**Trusts.** Generally, a trust must adopt a calendar year except for the following trusts.

- Tax-exempt trusts.
- Charitable trusts.
- Grantor-owned trusts.

**Line 13. Highest number of employees expected in the next 12 months.** Complete each box by entering the number (including zero ("0-")) of "Agricultural," "Household," or "Other" employees expected by the applicant in the next 12 months.

If no employees are expected, skip line 14.

**Line 14. Do you want to file Form 944?** If you expect your employment tax liability to be \$1,000 or less in a full calendar year, you are eligible to file Form 944 annually (once each year) instead of filing Form 941 quarterly (every three months). Your employment tax liability generally will be \$1,000 or less if you expect to pay \$4,000 or less in total wages subject to social security and Medicare taxes and federal income tax withholding. If you qualify and want to file Form 944 instead of Forms 941, check the box on line 14. If you do not check the box, then you must file Form 941 for every quarter.

**TIP** For employers in the U.S. possessions, generally, if you pay \$6,536 or less in wages subject to social security and Medicare taxes, you are likely to pay \$1,000 or less in employment taxes.

For more information on employment taxes, see Pub. 15 (Circular E); or Pub. 51 (Circular A) if you have agricultural employees (farmworkers).

**Line 15. First date wages or annuities were paid.** If the business has employees, enter the date on which the business began to pay wages or annuities. For foreign applicants, this is the date you began to pay wages in the United States. If the business does not plan to have employees, enter "N/A."

**Withholding agent.** Enter the date you began or will begin to pay income (including annuities) to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien. For foreign applicants, this is the date you began or will begin to pay income (including annuities) to a nonresident alien in the United States.

**Line 16.** Check the one box on line 16 that best describes the principal activity of the applicant's business. Check the "Other" box (and specify the applicant's principal activity) if none of the listed boxes applies. You must check a box.

**Construction.** Check this box if the applicant is engaged in erecting buildings or engineering projects (for example, streets, highways, bridges, tunnels). The term "Construction" also includes special trade contractors (for example, plumbing, HVAC, electrical, carpentry, concrete, excavation, etc. contractors).

**Real estate.** Check this box if the applicant is engaged in renting or leasing real estate to others; managing, selling, buying, or renting real estate for others; or providing related real estate services (for example, appraisal services). Also check this box for mortgage real estate investment trusts (REITs). Mortgage REITs are engaged in issuing shares of funds consisting primarily of portfolios of real estate mortgage assets with gross income of the trust solely derived from interest earned.

**Rental and leasing.** Check this box if the applicant is engaged in providing tangible goods such as autos, computers, consumer goods, or industrial machinery and equipment to customers in return for a periodic rental or lease payment. Also check this box for equity real estate investment trusts (REITs). Equity REITs are engaged in issuing shares of funds consisting primarily of portfolios of real estate assets with gross income of the trust derived from renting real property.

**Manufacturing.** Check this box if the applicant is engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is also considered to be manufacturing.

**Transportation & warehousing.** Check this box if the applicant provides transportation of passengers or cargo; warehousing or storage of goods; scenic or sight-seeing transportation; or support activities related to transportation.

**Finance & insurance.** Check this box if the applicant is engaged in transactions involving the creation, liquidation, or change of ownership of financial assets and/or facilitating such financial transactions; underwriting annuities/insurance policies; facilitating such underwriting by selling insurance policies; or by providing other insurance or employee-benefit related services.

**Health care & social assistance.** Check this box if the applicant is engaged in providing physical, medical, or psychiatric care or providing social assistance activities such as youth centers, adoption agencies, individual/family services, temporary shelters, daycare, etc.

**Accommodation & food services.** Check this box if the applicant is engaged in providing customers with lodging, meal preparation, snacks, or beverages for immediate consumption.

**Wholesale-agent/broker.** Check this box if the applicant is engaged in arranging for the purchase or sale of goods owned by others or purchasing goods on a commission basis

for goods traded in the wholesale market, usually between businesses.

**Wholesale—other.** Check this box if the applicant is engaged in selling goods in the wholesale market generally to other businesses for resale on their own account, goods used in production, or capital or durable nonconsumer goods.

**Retail.** Check this box if the applicant is engaged in selling merchandise to the general public from a fixed store; by direct, mail-order, or electronic sales; or by using vending machines.

**Other.** Check this box if the applicant is engaged in an activity not described above. Describe the applicant's principal business activity in the space provided.

**Line 17.** Use line 17 to describe the applicant's principal line of business in more detail. For example, if you checked the "Construction" box on line 16, enter additional detail such as "General contractor for residential buildings" on line 17. An entry is required. For mortgage REITs indicate mortgage REIT and for equity REITs indicate what type of real property is the principal type (residential REIT, nonresidential REIT, miniwarehouse REIT).

**Line 18.** Check the applicable box to indicate whether or not the applicant entity applying for an EIN was issued one previously.

**Third Party Designee.** Complete this section only if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of Form SS-4. The designee's authority terminates at the time the EIN is assigned and released to the designee. You must complete the signature area for the authorization to be valid.

**Signature.** When required, the application must be signed by (a) the individual, if the applicant is an individual, (b) the president, vice president, or other principal officer, if the applicant is a corporation, (c) a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership, government entity, or other unincorporated organization, or (d) the fiduciary, if the applicant is a trust or an estate. Foreign applicants may have any duly-authorized person (for example, division manager) sign Form SS-4.

**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. We need it to comply with section 6109 and the regulations thereunder, which generally require the inclusion of an employer identification number (EIN) on certain returns, statements, or other documents filed with the

Internal Revenue Service. If your entity is required to obtain an EIN, you are required to provide all of the information requested on this form. Information on this form may be used to determine which federal tax returns you are required to file and to provide you with related forms and publications.

We disclose this form to the Social Security Administration (SSA) for their use in determining compliance with applicable laws. We may give this information to the Department of Justice for use in civil and/or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, and to federal law enforcement and intelligence agencies to combat terrorism.

We will be unable to issue an EIN to you unless you provide all of the requested information that applies to your entity. Providing false information could subject you to penalties.

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 section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

<b>Recordkeeping</b> .....	8 hrs., 36 min.
<b>Learning about the law or the form</b> .....	42 min.
<b>Preparing, copying, assembling, and sending the form to the IRS</b> .....	52 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, IR-6526, 1111 Constitution Avenue, NW, Washington, DC 20224. Do not send the form to this address. Instead, see *Where to File or Fax* on page 2.

## **APPENDIX B**

# ***ACCOUNTING AND BOOKKEEPING***

## **Illustrative Chart of Accounts**

### **Current Assets:**

1110	Cash
1120	Savings
1130	Accounts Receivable
1139	Allowance for Uncollectibles
1140	Notes Receivable
1150	Interest Receivable
1170	Inventory
1180	Prepaid Expenses

### **Long - Term Assets:**

1210	Investments
------	-------------

### **Property, Plant and Equipment:**

1310	Land
1320	Equipment
1329	Accumulated Depreciation - Equipment
1330	Building
1339	Accumulated Depreciation - Building
1340	Leasehold Improvements
1349	Accumulated Depreciation - Leasehold Improvements

### **Intangible Assets:**

1420	Goodwill
1430	Organizational Cost

### **Current Liabilities:**

2110	Notes Payable
2120	Accounts Payable
2130	Interest Payable
2150	Salaries Payable
2160	Income Tax Payable
2170	Sales Tax Payable
2180	Withholding and FICA Taxes Payable
2181	Federal Unemployment Tax Payable
2182	State Unemployment Tax Payable

**Long - Term Liabilities:**

2410	Mortgage Payable
2420	Long- term Notes

**Stockholder's Equity:**

3510	Capital Stock
3620	Retained Earnings

**Sales and Related Accounts:**

5170	Sales
5178	Returns and Allowances
5179	Discounts
5500	Cost of Goods Sold

**Operating Expenses:**

6001	Rent
6002	Advertising
6029	Depreciation Expense
6080	Commissions
6090	Miscellaneous Selling Expenses
6501	Office Expense
6511	Taxes, other than Income and Payroll
6549	Bad Debts Expense
6555	Office Salaries
6585	Payroll Tax Expense
6591	Insurance Expense

**Other Revenue:**

7010	Interest
------	----------

**Other Expenses:**

7110	Interest Expense
------	------------------

**Income Tax:**

8160	Income Tax
------	------------

# Compare QuickBooks® Products

	Online		Desktop			
	Essentials	Plus	Mac	Pro	Premier	Enterprise Solutions
	\$26.95/mo	\$39.95/mo	\$249.95	\$249.95	\$399.95	from \$600/user*
<b>Save time tracking finances</b>						
Maximum number of users (additional charges may apply) <sup>1</sup>	3	5	5	3	5	30
Easily print checks, pay bills & track expenses	●	●	●	●	●	●
Track sales, sales taxes & customer payments	●	●	●	●	●	●
Manage payroll & payroll taxes; offer Direct Deposit <sup>2</sup> (sold separately)	●	●	●	●	●	●
Accept major credit cards right in QuickBooks <sup>3</sup>	●	●	●	●	●	●
Invoice multiple customers at once with Batch Invoicing			●	●	●	●
Track time and expenses to bill clients		●	●	●	●	●
Access to product experts and unlimited technical support <sup>4</sup>	●	●		With Plus Subscription	With Plus Subscription	●
Get access to the latest version (when and if updates become available)	●	●		With Plus Subscription	With Plus Subscription	●
Online backup and protection of your QuickBooks data	●	●		With Plus Subscription	With Plus Subscription	●
Work in two company files at the same time <sup>5</sup>						●
<b>Get the insights to make better decisions</b>						
One-click financial, sales & tax reports	40+	65+	100+	100+	150+ Industry	150+ Industry
Import data from Excel, Quicken, Outlook Contacts, prior QuickBooks versions & more <sup>6</sup>	Excel & QuickBooks	Excel & QuickBooks	●	●	●	●
Track inventory & create purchase orders		●	●	●	●	●
Set and manage inventory reorder points			●	●	●	●
Download or import your bank & credit transactions into QuickBooks <sup>7</sup>	●	●	●	●	●	●
Track international sales & expenses in multiple currencies				●	●	●
Easily create a business plan					●	●
Track your Balance Sheet by Class		●			●	●
Forecast sales & expenses					●	●
Industry-specific reports, sample files, menus & chart of accounts	Limited	Limited			●	●
Consolidate reports from multiple company files <sup>8</sup>						●
Manage inventory using bin location tracking, bar code scanning, serial number or lot tracking, FIFO costing, and multiple location inventory <sup>9</sup>		FIFO				With Advanced Inventory
Create custom reports with ODBC-compliant applications using a direct connection to the QuickBooks database <sup>10</sup>						●

\* Available in 5, 10 and 30 users.

<sup>1</sup> QuickBooks Pro and Premier: Requires purchase of a license for each additional user. All copies of QuickBooks must be the same version-year. <sup>2</sup> Requires paid subscription, EIN and Internet access. For Mac: Requires Intuit QuickBooks Payroll for Mac. Additional fees apply. Internet access required. Adobe Reader is required to print checks and forms. Service not available in Canada. <sup>3</sup> Additional Fees, Terms, and Conditions apply. For Mac: Requires Intuit Merchant Service for QuickBooks for Mac (sold separately); subject to application approval and debit card transactions are processed as Signature Debit which does not require entering a PIN code. See <http://payments.intuit.com/legal.jsp> for details. <sup>4</sup> For QuickBooks Enterprise Solutions: The Full Service Plan (FSP) is good for 12 months from QuickBooks Enterprise Solutions purchase date or Full Service Plan renewal date. You have the option to add QuickBooks Mobile and Intuit Data Protect for free as an active FSP member. Service begins as of the date activated and continues through to the expiration date of your FSP plan. Online Backup Service requires Internet access and an active Full Service Plan. Entire PC is limited to 100GB total storage, which includes all 45 days which you have stored. In some cases data damage may be too extensive and the data file may be non-recoverable. QuickBooks support is available 24 hours a day, seven days a week; the Enterprise Solutions team (including our U.S.-based team of product experts) is available weekdays from 4:00 a.m. - 7:00 p.m. Pacific Standard time. Support hours exclude occasional downtime due to system and server maintenance, company events, observed U.S. holidays and events beyond our control. Intuit reserves the right to limit each telephone contact to one hour and to one incident. Active Full Service Plan members receive new version upgrades when and if released within 12 months of QuickBooks Enterprise Solutions purchase date or Full Service Plan renewal date. Online access to training is included with each Full Service Plan annual membership. Terms, conditions, pricing, features, service and support options are subject to change without notice. See terms and conditions at [qbes.com/terms](http://qbes.com/terms). <sup>5</sup> Some functionality may be limited when running two instances. See [www.qbes.com/sysreq](http://www.qbes.com/sysreq) for more information. <sup>6</sup> Transfer data from Peachtree 2008–2011; Microsoft SBA 2006; and Microsoft Office Accounting 2007–2009 using free tool available at <http://quickbooks.intuit.com>. Transfer data directly from Quicken 2011-2013, QuickBooks 4.0-2013 and Microsoft Excel 2000–2010, as well as web mail services such as Gmail, Yahoo! Mail and Hotmail. <sup>7</sup> Online services vary by participating financial institutions and may be subject to application approval, and additional terms, conditions and fees. We authenticate your account with your financial institution, and then use secure data transmissions between your financial institution and Intuit. <sup>8</sup> Requires Microsoft Excel 2000, 2002, 2003, or 2007. Company files must all be on the same version of QuickBooks Enterprise Solutions. <sup>9</sup> Additional fees apply for the Advanced Inventory add-on subscription. Requires QuickBooks Enterprise Solutions 13.0 with an active Full Service Plan and an Internet connection. <sup>10</sup> ODBC-compliant applications sold separately.

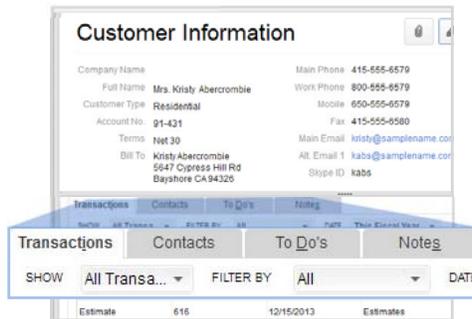
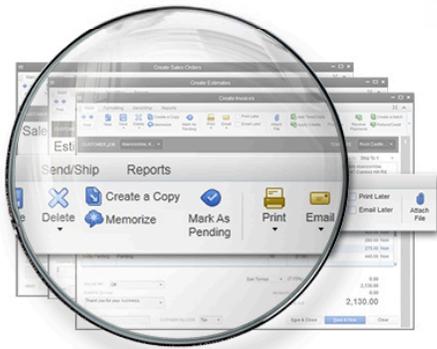
# What's New In QuickBooks 2013

## QuickBooks Pro, Premier & Enterprise Solutions



### Simplified Navigation makes QuickBooks easier

Clean, modern look makes it easier to access data and transactions. **New, customizable left Toolbar** shows shortcuts, open windows, balances and favorite reports so you can get around faster.



### Simplified Forms

Create invoices, estimates and sales orders in fewer clicks. **New Ribbon Toolbar** lets you see all actions available—no more hunting through drop-down menus. Plus bigger fonts, taller rows and new colors.

### Improved Centers

Put more information at your fingertips in the Customer, Employee & Vendor Centers. Customize contact fields to include more phone numbers, emails and more. **New tabs** give you faster access to the data you need without launching new windows.

### Apps With A Few Clicks

Take advantage of apps that extend the power of QuickBooks. Everything from time tracking and eBilling to customer management and business performance tools - even take free test drives.

## QuickBooks Online

### Money Bar

See the status and amounts of your money-in transactions. See unbilled, open, and recently paid income at a glance. Click an area in the bar to zero in on the items in that category.



Unaccepted Transactions (2)			Accepted Transa		
Date	Description	Amount			
07/20/2012	FedEx	\$-19.25	Assig	FedEx	
07/19/2012	Hall Properties	\$-300.00	DET	Rewill	UI
07/19/2012	Home Depot	\$-72.91	Supplie		
07/19/2012	Scott's Repair Service	\$-75.00	Mainten		

### Downloaded Transactions

Downloaded Transactions replaces Online Banking and makes it even easier to get your bank and credit card data into QuickBooks Online.

- See more bank transactions: 25, 50, even 100 at a time vs. 5-6 in the old version
- Accept multiple transactions at once
- Sort your bank data by Date, Description or Amount
- Split bank transactions on the spot

QuickBooks Online releases new features throughout the year - visit <http://blog.qbo.intuit.com/> to see the latest.



➔ [Allday Consulting Group – CPAs/Business Consultants](#)

➔ [QuickBooks Accounting Support Center](#)

## Peachtree Help

Technical Support  
 Peachtree for DOS  
 Call us toll free!  
 Support Plans  
 Backup Tech  
 Support  
 Convert Peachtree  
 Password Recovery  
 Data Repair  
 Services  
 Message Forum  
 Tips & Tricks  
 F.A.Q.

## Products/Services

Product  
 Overview  
 Compare  
 Products  
 Support Plans  
 Checks & Forms  
 Data Conversion

## Peachtree Training

Training Classes  
 Remote Access  
 Nationwide  
 Training  
 Onsite Training  
 Free Training  
 SBET

## Which Sage 50 Accounting Product is right for you?

How do you know which Sage 50 Accounting product is right for you? The right accounting software for your company is mainly determined by a combination of factors depending on your level of accounting knowledge, specific features you require, and of course your budget.

Take a look at our Sage 50 Accounting comparison chart to see which Sage 50 Accounting product is right for you. If you ever need any assistance on finding a product call us toll free at 800-259-4213. Fill out a [Sage 50 Accounting technical support](#) request form for any other questions you may have.



**Pro**



**Complete**



**Premium**



**Quantum**

### Essential Accounting

	Pro	Complete	Premium	Quantum
Accounts Payable: Check Writing, Bill Payment, Purchases, Purchase Orders	✔	✔	✔	✔
Accounts Receivable: Quotes, Invoicing, Receive Payments, Sales Orders	✔	✔	✔	✔
Automatic Backup	✔	✔	✔	✔
Sage ACT! Integration	✔	✔	✔	✔
Bank / Account Reconciliation	✔	✔	✔	✔
Cash Flow Management	✔	✔	✔	✔
<b>NEW!</b> Copy Transactions	✔	✔	✔	✔
Customizable Reports	80+	100+	125+	140+
<b>NEW!</b> Sage Advisor	✔	✔	✔	✔
Setup Advisor	✔	✔	✔	✔
System Check	✔	✔	✔	✔
Attach documents to transactions and records	✔	✔	✔	✔
Comparative Budget Spreadsheet Creator - track 4 years	✔	✔	✔	✔
Job Status Indicators	✔	✔	✔	✔
Conversion from QuickBooks®	✔	✔	✔	✔
Email Alerts, Forms, Reports and Financial	✔	✔	✔	✔

## Statements

Integration with Microsoft® Excel® and Word



Internal Accounting Review



Inventory: Assemblies, Average/LIFO/FIFO Costing Methods, Back Orders

Basic

Advanced

Advanced

Advanced

Password Security



Payroll Solutions



Credit Card Payment Processing

Module Level

Screen Level

Screen Level

Screen Level

## Standard Accounting

Auto Creation of Purchase Orders



Audit Trail



Customer Management Center



Enhanced Assemblies Reporting



Fixed Assets



Integration with UPS®



Inventory & Services Management Center



Job Costing - Phase and Cost Level



Open Multiple Companies



PCI-DSS compliance for Credit Cards



**NEW!** Sage 50 Business Intelligence



Streamlined Service Billing



Sync your Outlook® Contacts



Track Multiple Contacts



View Transaction History



Vendor Management Center



## Advanced Accounting

Advanced Budgeting



Archive Company Data



Change Order Processing



Company Consolidation Wizard



Crystal Reports® 2008



Departmentalized Financial Statements	✓	✓
Serialized Inventory	✓	✓

## In-depth Accounting

Developed to handle large data requirements	✓
Faster performance with SmartPosting technology	✓
Interactive Job Reporting	✓
Job Navigation Center	✓
Job & Project Management. Center	✓
My Dashboard	✓
My Dashboard Modules	✓
Automation for Order Process Workflow	✓
Product updates and software upgrades for 1 year	✓
Role-based security	✓
Support for 5, 10, 15, 20, 30 or 40 named users	✓
Unlimited access to support for 1 year	✓
Includes industry solution functionality (Manufacturing, Construction, Distribution and Nonprofits)	✓

The Allday Consulting Group provides remote access technical support & training services for Peachtree and QuickBooks Accounting software in Alabama (AL), Alaska (AK), Arizona (AZ), Arkansas (AR), California (CA), Colorado (CO), Connecticut (CT), Delaware (DE), Washington DC , Florida (FL), Georgia (GA), Hawaii (HI), Idaho (ID), Illinois (IL), Indiana (IN), Iowa (IA), Kansas (KS), Kentucky (KY), Louisiana (LA), Maine (ME), Maryland (MD), Massachusetts (MA), Michigan (MI), Minnesota (MN), Mississippi (MS), Missouri (MO), Montana (MT), Nebraska (NE), Nevada (NV), New Hampshire (NH), New Jersey (NJ), New Mexico (NM), New York (NY), North Carolina (NC), North Dakota (ND), Ohio (OH), Oklahoma (OK), Oregon (OR), Pennsylvania (PA), Puerto Rico (PR), Rhode Island (RI), South Carolina (SC), South Dakota (SD), Tennessee (TN), Texas (TX), Utah (UT), Vermont (VT), Virginia (VA), Washington (WA), West Virginia (WV), Virgin Islands(VI), Wisconsin (WI), and Wyoming (WY).

[\[Return to previous page\]](#)

[\[Return to top of page\]](#)



Platinum Partner  
Sage 50



Accountants Network  
Certified Consultant  
PLATINUM

Copyright © 2003-2012  
The Allday Consulting Group, LLC  
Certified Public Accountants  
2901 N. Causeway, Blvd., Ste. 301  
Metairie, Louisiana 70002  
Toll Free Phone: 800-259-4213  
Fax: 504-834-8218  
Email: [info2013@alldaycpa.com](mailto:info2013@alldaycpa.com)  
Company Site: [www.AlldayCPA.com](http://www.AlldayCPA.com)  
[Admin Sign In](#)

**APPENDIX C**

***PAYROLL TAX***

## **Payroll Taxes**

The following is a list of the various payroll taxes, tax rates and the taxable wage basis for employers and employees. The limits and maximum contributions given are per employee:

### **Federal Withholding Tax (Employee):**

Federal withholding tax is determined for each employee on an individual basis. Circular E, Publication 15, Employer's Tax guide contains the federal withholding tables. No additional application to become a federal withholding agent is necessary.

### **Social Security Tax (FICA):**

	<u>Medicare</u>	<u>Soc. Sec.</u>	<u>Total</u>
Tax rate for employer	1.45%	6.2%	7.65%
Tax rate for employee	1.45%	6.2%	7.65%

### **Federal Unemployment Tax (employer only) :**

Gross federal tax rate	6.2%
Less maximum credit for Ohio unemployment tax (If timely payment is made)	5.4%
Net federal tax rate	0.6%
On Wages not to exceed	\$7,000
Maximum employer contribution (per employee)	\$42

### **Ohio Withholding Tax (Employee):**

Ohio withholding tax is determined for each employee on an individual basis. Employer's Ohio Income Tax Withholding Tables are available. Application must be made to the State of Ohio to become a withholding agent and may be submitted with the first transmittal of withholding taxes. An example of an application can be found in Appendix C.

### **City Withholding Tax (Employee):**

City withholding tax is required by most cities in Ohio. The rate is determined by the city and applied to the gross wages of the individual. Information on city withholding rates and applications to become a withholding agent should be obtained from each city in which employees are employed.

**Ohio State Unemployment Tax (OBES) (Employer Only):**

Most employers in the State of Ohio are required to pay State Unemployment Tax on wages up to \$9,000. The rate is determined by filing Form UCO-1, Report to Determine Liability.

**Ohio Worker's Compensation Tax (BWC) (Employer Only):**

The tax rate for the Ohio BWC tax is determined by application to the Ohio Bureau of Workmen's Compensation and is applied to gross wages with no cap. Filing requirements are semi-annual rather than quarterly.

Form **941 for 2014: Employer's QUARTERLY Federal Tax Return**  
 (Rev. January 2014) Department of the Treasury — Internal Revenue Service

950114  
 OMB No. 1545-0029

Employer identification number (EIN)   -

Name (not your trade name)

Trade name (if any)

Address   
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Report for this Quarter of 2014**  
 (Check one.)

1: January, February, March

2: April, May, June

3: July, August, September

4: October, November, December

Instructions and prior year forms are available at [www.irs.gov/form941](http://www.irs.gov/form941).

Read the separate instructions before you complete Form 941. Type or print within the boxes.

**Part 1: Answer these questions for this quarter.**

1 Number of employees who received wages, tips, or other compensation for the pay period including: *Mar. 12* (Quarter 1), *June 12* (Quarter 2), *Sept. 12* (Quarter 3), or *Dec. 12* (Quarter 4) 1

2 Wages, tips, and other compensation . . . . . 2  ■

3 Federal income tax withheld from wages, tips, and other compensation . . . . . 3  ■

4 If no wages, tips, and other compensation are subject to social security or Medicare tax  Check and go to line 6.

	Column 1		Column 2
5a Taxable social security wages . . . . .	<input type="text"/> ■	× .124 =	<input type="text"/> ■
5b Taxable social security tips . . . . .	<input type="text"/> ■	× .124 =	<input type="text"/> ■
5c Taxable Medicare wages & tips. . . . .	<input type="text"/> ■	× .029 =	<input type="text"/> ■
5d Taxable wages & tips subject to Additional Medicare Tax withholding <input type="text"/> ■		× .009 =	<input type="text"/> ■
5e Add Column 2 from lines 5a, 5b, 5c, and 5d . . . . .			5e <input type="text"/> ■
5f Section 3121(q) Notice and Demand—Tax due on unreported tips (see instructions) . . . . .			5f <input type="text"/> ■
6 Total taxes before adjustments. Add lines 3, 5e, and 5f . . . . .			6 <input type="text"/> ■
7 Current quarter's adjustment for fractions of cents . . . . .			7 <input type="text"/> ■
8 Current quarter's adjustment for sick pay . . . . .			8 <input type="text"/> ■
9 Current quarter's adjustments for tips and group-term life insurance . . . . .			9 <input type="text"/> ■
10 Total taxes after adjustments. Combine lines 6 through 9 . . . . .			10 <input type="text"/> ■
11 Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, 944-X (PR), or 944-X (SP) filed in the current quarter . . . . .			11 <input type="text"/> ■
12 Balance due. If line 10 is more than line 11, enter the difference and see instructions . . . . .			12 <input type="text"/> ■
13 Overpayment. If line 11 is more than line 10, enter the difference <input type="text"/> ■		Check one: <input type="checkbox"/> Apply to next return. <input type="checkbox"/> Send a refund.	

Name (not your trade name)

Employer identification number (EIN)

**Part 2: Tell us about your deposit schedule and tax liability for this quarter.**

If you are unsure about whether you are a monthly schedule depositor or a semiweekly schedule depositor, see Pub. 15 (Circular E), section 11.

- 14 Check one:  Line 10 on this return is less than \$2,500 or line 10 on the return for the prior quarter was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter. If line 10 for the prior quarter was less than \$2,500 but line 10 on this return is \$100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule below; if you are a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.
- You were a monthly schedule depositor for the entire quarter. Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

Tax liability: Month 1

Month 2

Month 3

Total liability for quarter  Total must equal line 10.

- You were a semiweekly schedule depositor for any part of this quarter. Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941.

**Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.**

- 15 If your business has closed or you stopped paying wages . . . . .  Check here, and enter the final date you paid wages  /  / .

- 16 If you are a seasonal employer and you do not have to file a return for every quarter of the year . . .  Check here.

**Part 4: May we speak with your third-party designee?**

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to the IRS.

No.

**Part 5: Sign here. You MUST complete both pages of Form 941 and SIGN it.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.



Sign your name here

Print your name here

Print your title here

Date

/  /

Best daytime phone

**Paid Preparer Use Only**

Check if you are self-employed . . .

Preparer's name

PTIN

Preparer's signature

Date

/  /

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

# Form 941-V, Payment Voucher

## Purpose of Form

Complete Form 941-V, Payment Voucher, if you are making a payment with Form 941, Employer's QUARTERLY Federal Tax Return. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

## Making Payments With Form 941

To avoid a penalty, make your payment with Form 941 **only if:**

- Your total taxes after adjustments for either the current quarter or the preceding quarter (Form 941, line 10) are less than \$2,500, you did not incur a \$100,000 next-day deposit obligation during the current quarter, and you are paying in full with a timely filed return, or
- You are a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 (Circular E), Employer's Tax Guide, for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 (Circular E) for deposit instructions. Do not use Form 941-V to make federal tax deposits.

**Caution.** Use Form 941-V when making any payment with Form 941. However, if you pay an amount with Form 941 that should have been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E).

## Specific Instructions

**Box 1—Employer identification number (EIN).** If you do not have an EIN, you may apply for one online. Go to IRS.gov and click on the *Apply for an EIN Online* link under *Tools*. You may also apply for an EIN by faxing or mailing Form SS-4, Application for Employer Identification Number, to the IRS. If you have not received your EIN by the due date of Form 941, write "Applied For" and the date you applied in this entry space.

**Box 2—Amount paid.** Enter the amount paid with Form 941.

**Box 3—Tax period.** Darken the circle identifying the quarter for which the payment is made. Darken only one circle.

**Box 4—Name and address.** Enter your name and address as shown on Form 941.

- Enclose your check or money order made payable to the "United States Treasury." Be sure to enter your EIN, "Form 941," and the tax period on your check or money order. Do not send cash. Do not staple Form 941-V or your payment to Form 941 (or to each other).

- Detach Form 941-V and send it with your payment and Form 941 to the address in the Instructions for Form 941.

**Note.** You must also complete the entity information above Part 1 on Form 941.

DRAFT



▼ **Detach Here and Mail With Your Payment and Form 941.** ▼



Form **941-V**  
Department of the Treasury  
Internal Revenue Service

## Payment Voucher

OMB No. 1545-0029  
**2014**

▶ **Do not staple this voucher or your payment to Form 941.**

<b>1</b> Enter your employer identification number (EIN).	<b>2</b> <b>Enter the amount of your payment. ▶</b> <small>Make your check or money order payable to "United States Treasury"</small>	Dollars	Cents
<b>3</b> Tax Period	<b>4</b> Enter your business name (individual name if sole proprietor).		
<input type="radio"/> 1st Quarter	_____ <small>Enter your address.</small>		
<input type="radio"/> 2nd Quarter	_____ <small>Enter your city, state, and ZIP code or your city, foreign country name, foreign province/county, and foreign postal code.</small>		
<input type="radio"/> 3rd Quarter			
<input type="radio"/> 4th Quarter			

**Privacy Act and Paperwork Reduction Act Notice.**

We ask for the information on Form 941 to carry out the Internal Revenue laws of the United States. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages and provides for income tax withholding. Form 941 is used to determine the amount of taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

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 and 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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of

Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. 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.

The time needed to complete and file Form 941 will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 11 hr.
- Learning about the law or the form** . . . . . 47 min.
- Preparing, copying, assembling, and sending the form to the IRS** . . . . . 1 hr.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 941 simpler, we would be happy to hear from you. You can send us comments from [www.irs.gov/formspubs](http://www.irs.gov/formspubs). Click on *More Information* and then click on *Comment on Tax Forms and Publications*. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. **Do not** send Form 941 to this address. Instead, see *Where Should You File?* in the Instructions for Form 941.



# Instructions for Form 941

(Rev. January 2014)

## Employer's QUARTERLY Federal Tax Return



Department of the Treasury  
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

### Future Developments

For the latest information about developments related to Form 941 and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form941](http://www.irs.gov/form941).

### What's New

**Social security and Medicare tax for 2014.** The social security tax rate is 6.2% each for the employee and employer, unchanged from 2013. The social security wage base limit is \$117,000.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2013. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$1,900 or more in cash or an equivalent form of compensation in 2014. Social security and Medicare taxes apply to election workers who are paid \$1,600 or more in cash or an equivalent form of compensation in 2014.

**COBRA premium assistance credit.** Effective for tax periods beginning after December 31, 2013, the credit for COBRA premium assistance payments cannot be claimed on Form 941. Instead, after filing your Form 941, file Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, to claim the COBRA premium assistance credit. Filing a Form 941-X before filing a Form 941 for the quarter may result in errors or delays in processing your Form 941-X. For more information, visit [IRS.gov](http://IRS.gov) and enter "COBRA" in the search box.

**TIP** If you are entitled to claim the COBRA premium assistance credit, but are not otherwise required to file Form 941, file a Form 941 with -0- entered on line 12 before filing a Form 941-X to claim the credit.

**If you change your business name, business address, or responsible party.** For a definition of "responsible party" and how to notify the IRS of a change in the identity of your responsible party, see the Form 8822-B instructions. Notify the IRS immediately if you change your business name, business address, or responsible party. Write to the IRS office where you file your returns (using the *Without a payment address* under *Where Should You File*, later) to notify the IRS of any name change. See Pub. 1635, Employer Identification Number: Understanding Your EIN, to see if you need to apply for a new EIN. Complete and mail Form 8822-B, Change of Address or Responsible Party—Business, to notify the IRS of a business address or responsible party change.

### Reminders

**Additional Medicare Tax withholding.** In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You are

required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Pub. 15 (Circular E), Employer's Tax Guide. For more information on Additional Medicare Tax, visit [IRS.gov](http://IRS.gov) and enter "Additional Medicare Tax" in the search box.

**Work opportunity tax credit for qualified tax-exempt organizations hiring qualified veterans.** The work opportunity tax credit is available for eligible unemployed veterans who began work on or after November 22, 2011, and before January 1, 2014. Qualified tax-exempt organizations that hire eligible unemployed veterans can claim the work opportunity tax credit against their payroll tax liability using Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans. For more information, visit [IRS.gov](http://IRS.gov) and enter "work opportunity tax credit" in the search box.

**Section 3121(q) Notice and Demand—Tax due on unreported tips.** An employer enters the amount of social security and Medicare taxes on unreported tips shown on the Section 3121(q) Notice and Demand on line 5f of the employer's Form 941 for the calendar quarter corresponding to the "Date of Notice and Demand."

**Aggregate Form 941 filers.** Agents must complete Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers, when filing an aggregate Form 941. Aggregate Forms 941 are filed by agents approved by the IRS under section 3504. To request approval to act as an agent for an employer, the agent files Form 2678, Employer/Payer Appointment of Agent, with the IRS.

**Correcting a previously filed Form 941.** If you discover an error on a previously filed Form 941, make the correction using Form 941-X. Form 941-X is filed separately from Form 941. For more information, see section 13 of Pub. 15 (Circular E) or visit [IRS.gov](http://IRS.gov) and enter "correcting employment taxes" in the search box.

**Employers can choose to file Forms 941 instead of Form 944.** Employers that would otherwise be required to file Form 944, Employer's ANNUAL Federal Tax Return, can notify the IRS if they want to file quarterly Forms 941 instead of annual Form 944. See Rev. Proc. 2009-51, 2009-45 I.R.B. 625, available at [www.irs.gov/irb/2009-45\\_IRB/ar12.html](http://www.irs.gov/irb/2009-45_IRB/ar12.html).

**Requesting to file Form 944 instead of Forms 941.** If you are required to file Form 941 but believe your employment taxes for the calendar year will be \$1,000 or less, you may request to file Form 944 instead of Forms 941 by calling the IRS at 1-800-829-4933 between January 1, 2014, and April

1, 2014, or sending a written request postmarked between January 1, 2014, and March 17, 2014. You must receive written notice from the IRS to file Form 944 instead of Forms 941 before you may file this form. For more information on requesting to file Form 944, visit [IRS.gov](http://IRS.gov) and enter “file employment taxes annually” in the search box.

**Federal tax deposits must be made by electronic funds transfer.** You must use electronic funds transfer to make all federal tax deposits. Generally, electronic funds transfers are made using the Electronic Federal Tax Payment System (EFTPS). If you do not want to use EFTPS, you can arrange for your tax professional, financial institution, payroll service, or other trusted third party to make electronic deposits on your behalf. Also, you may arrange for your financial institution to initiate a same-day wire payment on your behalf. EFTPS is a free service provided by the Department of Treasury. Services provided by your tax professional, financial institution, payroll service, or other third party may have a fee.

For more information on making federal tax deposits, see section 11 of Pub. 15 (Circular E). To get more information about EFTPS or to enroll in EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call 1-800-555-4477 or 1-800-733-4829 (TDD). Additional information about EFTPS is also available in Pub. 966, Electronic Federal Tax Payment System: A Guide To Getting Started.



*For an EFTPS deposit to be on time, you must initiate the deposit by 8 p.m. Eastern time the day before the date the deposit is due.*

**Same-day wire payment option.** If you fail to initiate a deposit transaction on EFTPS by 8 p.m. Eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Application (FTA). To use the same-day wire payment method, you will need to make arrangements with your financial institution ahead of time. Please check with your financial institution regarding availability, deadlines, and costs. Your financial institution may charge you a fee for payments made this way. To learn more about the information you will need to provide your financial institution to make a same-day wire payment, visit [www.eftps.gov](http://www.eftps.gov) to download the *Same-Day Payment Worksheet*.

**Timeliness of federal tax deposits.** If a deposit is required to be made on a day that is not a business day, the deposit is considered timely if it is made by the close of the next business day. A business day is any day other than a Saturday, Sunday, or legal holiday. The term “legal holiday” for deposit purposes includes only those legal holidays in the District of Columbia. Legal holidays in the District of Columbia are provided in Pub. 15 (Circular E).

**Electronic filing and payment.** Now, more than ever before, businesses can enjoy the benefits of filing tax returns and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make filing and paying easier. Spend less time and worry about taxes and more time running your business. Use e-file and EFTPS to your benefit.

- For e-file, visit the IRS website at [www.irs.gov/efile](http://www.irs.gov/efile) for additional information.
- For EFTPS, visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 1-800-555-4477 or 1-800-733-4829 (TDD) for additional information.



*If you are filing your tax return or paying your federal taxes electronically, a valid employer identification number (EIN) is required at the time the return is filed or the payment is made. If a valid EIN is not provided, the return or payment will not be processed. This may result in penalties.*

**Electronic funds withdrawal (EFW).** If you file Form 941 electronically, you can e-file and e-pay (electronic funds withdrawal) the balance due in a single step using tax preparation software or through a tax professional. However, **do not** use EFW to make federal tax deposits. For more information on paying your taxes using EFW, visit the IRS website at [www.irs.gov/e-pay](http://www.irs.gov/e-pay). A fee may be charged to file electronically.

**Credit or debit card payments.** Employers can pay the balance due shown on Form 941 by credit or debit card. **Do not** use a credit or debit card to make federal tax deposits. For more information on paying your taxes with a credit or debit card, visit the IRS website at [www.irs.gov/e-pay](http://www.irs.gov/e-pay).

**Paid preparers must sign Form 941.** Paid preparers must complete and sign the paid preparer's section of Form 941.

**Outsourcing payroll duties.** Employers are responsible to ensure that tax returns are filed and deposits and payments are made, even if the employer contracts with a third party to perform these acts. The employer remains responsible if the third party fails to perform any required action. If you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, FUTA, and income taxes) to a third-party payer such as a payroll service provider or reporting agent, visit [IRS.gov](http://IRS.gov) and enter “outsourcing payroll duties” in the search box for helpful information on this topic.

**Where can you get telephone help?** For answers to your questions about completing Form 941 or tax deposit rules, you can call the IRS at 1-800-829-4933 or 1-800-829-4059 (TDD/TTY for persons who are deaf, hard of hearing, or have a speech disability), Monday–Friday from 7:00 a.m. to 7:00 p.m. local time (Alaska and Hawaii follow Pacific time).

**Photographs of missing children.** The IRS is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

---

## General Instructions:

### Purpose of Form 941

---

These instructions give you some background information about Form 941. They tell you who must file Form 941, how to complete it line by line, and when and where to file it.

If you want more in-depth information about payroll tax topics relating to Form 941, see Pub. 15 (Circular E) or visit the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and click on the *Employment Taxes* link under *Businesses Topics*.

Federal law requires you, as an employer, to withhold certain taxes from your employees' pay. Each time you pay wages, you must withhold – or take out of your employees' pay – certain amounts for federal income tax, social security tax, and Medicare tax. You must also withhold Additional

Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. Under the withholding system, taxes withheld from your employees are credited to your employees in payment of their tax liabilities.

Federal law also requires you to pay any liability for the employer's portion of social security and Medicare taxes. This portion of social security and Medicare taxes is not withheld from employees.

## Who Must File Form 941?

Use Form 941 to report the following amounts.

- Wages you have paid.
- Tips your employees have received.
- Federal income tax you withheld.
- Both the employer's and the employee's share of social security and Medicare taxes.
- Additional Medicare Tax withheld from employees.
- Current quarter's adjustments to social security and Medicare taxes for fractions of cents, sick pay, tips, and group-term life insurance.

**Do not** use Form 941 to report backup withholding or income tax withholding on **nonpayroll** payments such as pensions, annuities, and gambling winnings. Report these types of withholding on Form 945, Annual Return of Withheld Federal Income Tax.

After you file your first Form 941, you must file a return for each quarter, even if you have no taxes to report, unless you filed a **final return** or one of the exceptions listed next applies.

### Exceptions

Special rules apply to some employers.

- **Seasonal employers** do not have to file a Form 941 for quarters in which they have no tax liability because they have paid no wages. To tell the IRS that you will not file a return for one or more quarters during the year, check the box on line 16 **every quarter** you file Form 941. See section 12 of Pub. 15 (Circular E) for more information.
- Employers of **household employees** do not usually file Form 941. See Pub. 926, Household Employer's Tax Guide, and Schedule H (Form 1040), Household Employment Taxes, for more information.
- Employers of **farm employees** do not usually file Form 941. See Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, and Pub. 51 (Circular A), Agricultural Employer's Tax Guide.

**TIP** *If none of the above exceptions applies and you have not filed a final return, you **must** file Form 941 each quarter even if you did not pay wages during the quarter. Use IRS e-file, if possible.*

## What if You Reorganize or Close Your Business?

### If You Sell or Transfer Your Business . . .

If you sell or transfer your business, you and the new owner must each file a Form 941 for the quarter in which the transfer occurred. Report only the wages you paid.

When two businesses merge, the continuing firm must file a return for the quarter in which the change took place and the other firm should file a **final return**.

Changing from one form of business to another—such as from a sole proprietorship to a partnership or corporation—is considered a transfer. If a transfer occurs, you may need a new EIN. See section 1 of Pub. 15 (Circular E). Attach a statement to your return with:

- The new owner's name (or the new name of the business);
- Whether the business is now a sole proprietorship, partnership, or corporation;
- The kind of change that occurred (a sale or transfer);
- The date of the change; and
- The name of the person keeping the payroll records and the address where those records will be kept.

### If Your Business Has Closed . . .

If you go out of business or stop paying wages to your employees, you must file a **final return**. To tell the IRS that Form 941 for a particular quarter is your final return, check the box on line 15 and enter the date you last paid wages. Also attach a statement to your return showing the name of the person keeping the payroll records and the address where those records will be kept.

See the General Instructions for Forms W-2 and W-3 for information about earlier dates for the expedited furnishing and filing of Forms W-2, Wage and Tax Statement, when a final Form 941 is filed.

If you participated in a statutory merger or consolidation, or qualify for predecessor-successor status due to an acquisition, you should generally file Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations. See the Instructions for Schedule D (Form 941) to determine whether you should file Schedule D (Form 941) and when you should file it.

## When Must You File?

File your initial Form 941 for the quarter in which you first paid wages that are subject to social security and Medicare taxes or subject to federal income tax withholding. See the table titled *When To File Form 941*, later.

Then you must file for every quarter after that—every 3 months—even if you have no taxes to report, unless you are a seasonal employer or are filing your final return. See *Seasonal employers* and *If Your Business Has Closed* above.

File Form 941 only once for each quarter. If you filed electronically, do not file a paper Form 941. For more information about filing Form 941 electronically, see *Electronic filing and payment*, earlier.

### When To File Form 941

Your Form 941 is due by the last day of the month that follows the end of the quarter.		
The Quarter Includes . . .	Quarter Ends	Form 941 Is Due
1. January, February, March	March 31	April 30
2. April, May, June	June 30	July 31
3. July, August, September	September 30	October 31
4. October, November, December	December 31	January 31

For example, you generally must report wages you pay during the first quarter—which is January through March—by April 30. If you made timely deposits in full payment of your

taxes for a quarter, you have 10 more days after the due date to file your Form 941.

If we receive Form 941 after the due date, we will treat Form 941 as filed on time if the envelope containing Form 941 is properly addressed, contains sufficient postage, and is postmarked by the U.S. Postal Service on or before the due date, or sent by an IRS-designated private delivery service on or before the due date. If you do not follow these guidelines, we will consider Form 941 filed when it is actually received. See Pub. 15 (Circular E) for more information on IRS-designated private delivery services.

If any due date for filing falls on a Saturday, Sunday, or legal holiday, you may file your return on the next business day.

## How Should You Complete Form 941?

Type or print your EIN, name, and address in the spaces provided. Also enter your name and EIN on the top of page 2. **Do not** use your social security number (SSN) or individual taxpayer identification number (ITIN). Generally, enter the business (legal) name you used when you applied for your EIN on Form SS-4, Application for Employer Identification Number. For example, if you are a sole proprietor, enter "Haleigh Smith" on the "Name" line and "Haleigh's Cycles" on the "Trade name" line. Leave the "Trade name" line blank if it is the same as your "Name."

**Employer identification number (EIN).** To make sure businesses comply with federal tax laws, the IRS monitors tax filings and payments by using a numerical system to identify taxpayers. A unique nine-digit EIN is assigned to all corporations, partnerships, and some sole proprietors. Businesses needing an EIN must apply for a number and use it throughout the life of the business on all tax returns, payments, and reports.

Your business should have only one EIN. If you have more than one and are not sure which one to use, write to the IRS office where you file your returns (using the *Without a payment* address under *Where Should You File*, later) or call the IRS at 1-800-829-4933.

If you do not have an EIN, you may apply for one online. Go to [IRS.gov](http://IRS.gov) and click on the *Apply for an EIN Online* link under *Tools*. You may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. If you have not received your EIN by the due date of Form 941, write "Applied For" and the date you applied in this entry space.



*If you are filing your tax return electronically, a valid EIN is required at the time the return is filed. If a valid EIN is not provided, the return will not be accepted. This may result in penalties.*



*Always be sure the EIN on the form you file exactly matches the EIN the IRS assigned to your business. Do not use your SSN or ITIN on forms that ask for an EIN. Filing a Form 941 with an incorrect EIN or using another business's EIN may result in penalties and delays in processing your return.*

**If you change your business name, business address, or responsible party...** For a definition of "responsible party" and how to notify the IRS of a change in the identity of your responsible party, see the Form 8822-B instructions. Notify the IRS immediately if you change your business name, business address, or responsible party.

- Write to the IRS office where you file your returns (using the *Without a payment* address under *Where Should You File*, later) to notify the IRS of any business name change. See Pub. 1635 to see if you need to apply for a new EIN.
- Complete and mail Form 8822-B to notify the IRS of a business address or responsible party change. Do not mail Form 8822-B with your Form 941.

## Check the Box for the Quarter

Under "Report for this Quarter of 2014" at the top of Form 941, check the appropriate box of the quarter for which you are filing. Make sure the quarter checked is the same as shown on any attached Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors.

## Completing and Filing Form 941

Make entries on Form 941 as follows to enable accurate scanning and processing.

- Use 10-point Courier font (if possible) for all entries if you are typing or using a computer to complete your form. Portable Document Format (PDF) forms on [IRS.gov](http://IRS.gov) have fillable fields with acceptable font specifications.
- Do not enter dollar signs and decimal points. Commas are optional. Enter dollars to the left of the preprinted decimal point and cents to the right of it.
- Leave blank any data field (except lines 1, 2, and 10) with a value of zero.
- Enter negative amounts using a minus sign (if possible). Otherwise, use parentheses.
- Enter your name and EIN on all pages and attachments.
- Staple multiple sheets in the upper left corner when filing.

## Required Notice to Employees About the Earned Income Credit (EIC)

To notify employees about the EIC, you must give the employees one of the following items.

- The IRS Form W-2, which has the required information about the EIC on the back of Copy B.
- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the IRS Form W-2.
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
- Your written statement with the same wording as Notice 797.

For more information, see section 10 of Pub. 15 (Circular E) and Pub. 596, Earned Income Credit (EIC).

## Reconciling Forms 941 and Form W-3

The IRS matches amounts reported on your four quarterly Forms 941 with Form W-2 amounts totaled on your yearly Form W-3, Transmittal of Wage and Tax Statements. If the amounts do not agree, you may be contacted by the IRS or the Social Security Administration (SSA). The following amounts are reconciled.

- Federal income tax withholding.
- Social security wages.
- Social security tips.
- Medicare wages and tips.

For more information, see section 12 of Pub. 15 (Circular E) and the Instructions for Schedule D (Form 941).

## Where Should You File?

Where you file depends on whether you include a payment with Form 941.

If you are in . . .	Without a payment . . .	With a payment . . .
<b>Special filing addresses</b> for exempt organizations; federal, state, and local governmental entities; and Indian tribal governmental entities; regardless of location	Department of the Treasury Internal Revenue Service Ogden, UT 84201-0005	Internal Revenue Service P.O. Box 37941 Hartford, CT 06176-7941
Connecticut	New Jersey	Department of the Treasury
Delaware	New York	Internal Revenue Service
District of Columbia	North Carolina	Internal Revenue Service
Florida	Ohio	Cincinnati, OH
Georgia	Pennsylvania	45999-0005
Illinois	Rhode Island	South Carolina
Indiana	Tennessee	Vermont
Kentucky	Vermont	Virginia
Maine	Virginia	West Virginia
Maryland	West Virginia	Wisconsin
Massachusetts	Wisconsin	
Michigan		
New Hampshire		
Alabama	Missouri	Department of the Treasury
Alaska	Montana	Internal Revenue Service
Arizona	Nebraska	Internal Revenue Service
Arkansas	Nevada	Ogden, UT
California	New Mexico	84201-0005
Colorado	North Dakota	Oklahoma
Hawaii	Oklahoma	Oregon
Idaho	Oregon	South Dakota
Iowa	South Dakota	Texas
Kansas	Texas	Utah
Louisiana	Utah	Washington
Minnesota	Washington	Wyoming
Mississippi	Wyoming	
No legal residence or principal place of business in any state	Internal Revenue Service P.O. Box 409101 Ogden, UT 84409	Internal Revenue Service P.O. Box 37941 Hartford, CT 06176-7941

 **Your filing address may have changed from that used to file your employment tax return in prior years. Do not send Form 941 or any payments to the SSA. Private delivery services cannot deliver to P.O. boxes.**

## Depositing Your Taxes

 **The IRS has issued regulations under section 6302 which provide that you must deposit all depository taxes electronically by electronic funds transfers. For more information about electronic funds transfers, see Federal tax deposits must be made by electronic funds transfer under Reminders.**

## Must You Deposit Your Taxes?

You may have to deposit the federal income taxes you withheld and both the employer and employee social security taxes and Medicare taxes.

- **If your total taxes (line 10) are less than \$2,500 for the current quarter or the preceding quarter, and you did not incur a \$100,000 next-day deposit obligation during the current quarter.** You do not have to make a deposit. To avoid a penalty, you must pay the amount in full with a timely filed return or you must deposit the amount timely. For more information on paying with a timely filed

return, see the instructions for line 12, later. If you are not sure your total tax liability for the current quarter will be less than \$2,500 (and your liability for the preceding quarter was not less than \$2,500), make deposits using the semiweekly or monthly rules so you won't be subject to failure to deposit penalties.

- **If your total taxes (line 10) are \$2,500 or more for the current quarter and the preceding quarter.** You must make deposits according to your deposit schedule. See section 11 of Pub. 15 (Circular E) for information and rules about federal tax deposits.

You may reduce your deposits during the quarter by the amount of the COBRA premium assistance credit that will be reflected on your Form 941-X, only if you use the claim process and not the adjustment process to claim the COBRA premium assistance credit on your Form 941-X for the quarter.

The COBRA premium assistance credit is treated as a credit on the first day of the return period (that is, January 1, April 1, July 1, or October 1). However, because the credit is now claimed on Form 941-X filed AFTER submission of the Form 941, an employer that reduces its required deposits in anticipation of the credit will receive a system-generated notice reflecting a balance due and associated penalties and interest, if applicable. The balance due, including any related penalties and interest, resulting from the reduction in deposits in anticipation of the credit will be abated when the credit is applied. Such abatement will generally occur without any further action from the employer.

Alternatively, to prevent triggering a system-generated balance due notice, the employer can make its deposits without a reduction in anticipation of the COBRA premium assistance credit and follow the ordinary procedures for filing a claim for refund or adjusted return using Form 941-X.

## When Must You Deposit Your Taxes?

### Determine if You Are a Monthly or Semiweekly Schedule Depositor for the Quarter

The IRS uses two different sets of deposit rules to determine when businesses must deposit their social security, Medicare, and withheld federal income taxes. These schedules tell you when a deposit is due after you have a payday.

Your deposit schedule is not determined by how often you pay your employees. Your deposit schedule depends on the total tax liability you reported on Form 941 during the previous four-quarter **lookback period** (July 1 of the second preceding calendar year through June 30 of the preceding calendar year). See section 11 of Pub. 15 (Circular E) for details. If you filed Form 944 in either 2012 or 2013, your lookback period is the 2012 calendar year.

Before the beginning of each calendar year, determine which type of deposit schedule you must use.

- If you reported \$50,000 or less in taxes during the lookback period, you are a **monthly schedule depositor**.
- If you reported more than \$50,000 of taxes during the lookback period, you are a **semiweekly schedule depositor**.



If you are a monthly schedule depositor and accumulate a \$100,000 tax liability on any day during the deposit period, you become a semiweekly schedule depositor on the next day and remain so for at least the rest of the calendar year and for the following calendar year. See \$100,000 Next-Day Deposit Rule in section 11 of Pub. 15 (Circular E) for guidance.

## What About Penalties and Interest?

### Avoiding Penalties and Interest

You can avoid paying penalties and interest if you do all of the following.

- Deposit or pay your taxes when they are due.
- File your fully completed Form 941 on time.
- Report your tax liability accurately.
- Submit valid checks for tax payments.
- Furnish accurate Forms W-2 to employees.
- File Form W-3 and Copy A of Forms W-2 with the SSA on time and accurately.

Penalties and interest are charged on taxes paid late and returns filed late at a rate set by law. See sections 11 and 12 of Pub. 15 (Circular E) for details.

Use Form 843, Claim for Refund and Request for Abatement, to request abatement of assessed penalties or interest. **Do not** request abatement of assessed penalties or interest on Form 941 or Form 941-X.



**A trust fund recovery penalty** may apply if federal income, social security, or Medicare taxes that must be withheld are not withheld or are not deposited or paid. The penalty is the full amount of the unpaid trust fund tax. This penalty may apply when these unpaid taxes cannot be collected from the employer. The trust fund recovery penalty may be imposed on all people the IRS determines to be responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. For details, see section 11 of Pub. 15 (Circular E).

### Adjustment of Tax on Tips

If, by the 10th of the month after the month you received an employee's report on tips, you do not have enough employee funds available to withhold the employee's share of social security and Medicare taxes, you no longer have to collect it. Report the entire amount of these tips on line 5b (Taxable social security tips), line 5c (Taxable Medicare wages and tips), and, if the withholding threshold is met, line 5d (Taxable wages and tips subject to Additional Medicare Tax withholding). Include as an adjustment on line 9 the total uncollected employee share of the social security and Medicare taxes.

## Specific Instructions:

### Part 1: Answer These Questions for This Quarter

#### 1. Number of Employees Who Received Wages, Tips, or Other Compensation This Quarter

Enter the number of employees on your payroll for the pay period including March 12, June 12, September 12, or December 12, for the quarter indicated at the top of

Form 941. Do not include:

- Household employees,
- Employees in nonpay status for the pay period,
- Farm employees,
- Pensioners, or
- Active members of the Armed Forces.



If you enter "250" or more on line 1, you must file Forms W-2 electronically. For details, call the SSA at 1-800-772-6270 or visit SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

### 2. Wages, Tips, and Other Compensation

Enter amounts on line 2 that would also be included in box 1 of your employees' Forms W-2. Include sick pay paid by a third party if you were given timely notice of the payments and the third party transferred liability for the employer's taxes to you. See the General Instructions for Forms W-2 and W-3 for details.

If you are a third-party payer of sick pay, do not include sick pay that you paid to policyholders' employees here if you gave the policyholders timely notice of the payments.

### 3. Federal Income Tax Withheld From Wages, Tips, and Other Compensation

Enter the federal income tax you withheld (or were required to withhold) from your employees on this quarter's wages, tips, taxable fringe benefits, and supplemental unemployment compensation benefits. Do not include any income tax withheld by a third-party payer of sick pay even if you reported it on Forms W-2. You will reconcile this difference on Form W-3. Also include here any excise taxes you were required to withhold on golden parachute payments (section 4999).

If you are a third-party payer of sick pay, enter the federal income tax you withheld (or were required to withhold) on third-party sick pay here.

### 4. If No Wages, Tips, and Other Compensation are Subject to Social Security or Medicare Tax . . .

If no wages, tips, and other compensation on line 2 are subject to social security or Medicare tax, check the box on line 4. If this question does not apply to you, leave the box blank. For more information about exempt wages, see section 15 of Pub. 15 (Circular E) and section 4 of Pub. 15-A, Employer's Supplemental Tax Guide.



If you are a government employer, wages you pay are not automatically exempt from social security and Medicare taxes. Your employees may be covered by law or by a voluntary Section 218 Agreement with the SSA. For more information, see Pub. 963, Federal-State Reference Guide.

### 5a-5e. Taxable Social Security and Medicare Wages and Tips

**5a. Taxable social security wages.** Enter the total wages, sick pay, and taxable fringe benefits subject to social security taxes you paid to your employees during the quarter. For this purpose, sick pay includes payments made by an insurance company to your employees for which you received timely notice from the insurance company. See

section 6 in Pub. 15-A for more information about sick pay reporting.

Enter the amount before deductions. **Do not** include tips on this line. For information on types of wages subject to social security taxes, see section 5 of Pub. 15 (Circular E).

For 2014, the rate of social security tax on taxable wages is 6.2% (.062) each for the employer and employee or 12.4% (.124) for both. Stop paying social security tax on and entering an employee's wages on line 5a when the employee's taxable wages (including tips) reach \$117,000 for the year. However, continue to withhold income and Medicare taxes for the whole year on wages and tips even when the social security wage base of \$117,000 has been reached.

$$\begin{array}{r} \text{line 5a (column 1)} \\ \times \quad .124 \\ \hline \text{line 5a (column 2)} \end{array}$$

**5b. Taxable social security tips.** Enter all tips your employees reported to you during the quarter until the total of the tips and wages for an employee reach \$117,000 for the year. Include all tips your employee reported to you even if you were unable to withhold the employee tax of 6.2%.

Your employee must report cash tips to you by the 10th day of the month after the month the tips are received. The report should include charged tips (for example, credit and debit card charges) you paid over to the employee for charge customers, tips the employee received directly from customers, and tips received from other employees under any tip-sharing arrangement. Both directly and indirectly tipped employees must report tips to you. No report is required for months when tips are less than \$20. Employees may use Form 4070, Employee's Report of Tips to Employer (available only in Pub. 1244, Employee's Daily Record of Tips and Report to Employer), or submit a written statement or electronic tip record.

Do not include allocated tips on this line. Instead, report them on Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips. Allocated tips are not reportable on Form 941 and are not subject to withholding of federal income, social security, or Medicare taxes.

$$\begin{array}{r} \text{line 5b (column 1)} \\ \times \quad .124 \\ \hline \text{line 5b (column 2)} \end{array}$$

**5c. Taxable Medicare wages & tips.** Enter all wages, tips, sick pay, and taxable fringe benefits that are subject to Medicare tax. Unlike social security wages, there is no limit on the amount of wages subject to Medicare tax.

The rate of Medicare tax is 1.45% (.0145) each for the employer and employee or 2.9% (.029) for both. Include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 1.45%.

$$\begin{array}{r} \text{line 5c (column 1)} \\ \times \quad .029 \\ \hline \text{line 5c (column 2)} \end{array}$$

For more information on tips, see section 6 of Pub. 15 (Circular E).

**5d. Taxable wages & tips subject to Additional Medicare Tax withholding.** Enter all wages, tips, sick pay, and taxable fringe benefits that are subject to Additional

Medicare Tax withholding. You are required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.

For more information on what wages are subject to Medicare tax, see the chart, *Special Rules for Various Types of Services and Payments*, in section 15 of Pub. 15 (Circular E). For more information on Additional Medicare Tax, visit [IRS.gov](http://IRS.gov) and enter "Additional Medicare Tax" in the search box.

Once wages and tips exceed the \$200,000 withholding threshold, include all tips your employees reported during the quarter, even if you were unable to withhold the employee tax of 0.9%.

$$\begin{array}{r} \text{line 5d (column 1)} \\ \times \quad .009 \\ \hline \text{line 5d (column 2)} \end{array}$$

**5e. Total social security and Medicare taxes.** Add the column 2 amounts on lines 5a–5d. Enter the result on line 5e.

## 5f. Section 3121(q) Notice and Demand—Tax Due on Unreported Tips

Enter the tax due from your Section 3121(q) Notice and Demand on line 5f. The IRS issues a Section 3121(q) Notice and Demand to advise an employer of the amount of tips received by employees who failed to report or underreported tips to the employer. An employer is not liable for the employer share of the social security and Medicare taxes on unreported tips until notice and demand for the taxes is made to the employer by the IRS in a Section 3121(q) Notice and Demand. The tax due may have been determined from tips reported to the IRS on employees' Forms 4137, Social Security and Medicare Tax on Unreported Tip Income, or other tips that were not reported to their employer as determined by the IRS during an examination. For additional information, see Rev. Rul. 2012-18, 2012-26 I.R.B. 1032, available at [www.irs.gov/irb/2012-26\\_IRB/ar07.html](http://www.irs.gov/irb/2012-26_IRB/ar07.html).

Deposit the tax within the time period required under your deposit schedule to avoid any possible deposit penalty. The tax is treated as accumulated by the employer on the "Date of Notice and Demand" as printed on the Section 3121(q) Notice and Demand. The employer must include this amount on the appropriate line of the record of federal tax liability (Part 2 of Form 941 for a monthly schedule depositor or Schedule B (Form 941) for a semiweekly schedule depositor).

## 6. Total Taxes Before Adjustments

Add the total federal income tax withheld from wages, tips, and other compensation (line 3), the total social security and Medicare taxes before adjustments (line 5e), and any tax due under a Section 3121(q) Notice and Demand (line 5f). Enter the result on line 6.

## 7–9. Tax Adjustments

Enter **tax amounts** on lines 7–9 that result from current quarter adjustments. Use a minus sign (if possible) to show an adjustment that decreases the total taxes shown on line 6

instead of parentheses. Doing so enhances the accuracy of our scanning software. For example, enter “-10.59” instead of “(10.59).” However, if your software only allows for parentheses in entering negative amounts, you may use them.

**Current quarter's adjustments.** In certain cases, you must adjust the amounts you entered as social security and Medicare taxes in column 2 of lines 5a–5d to figure your correct tax liability for this quarter's Form 941. See section 13 of Pub. 15 (Circular E).

**7. Current quarter's adjustment for fractions of cents.**

Enter adjustments for fractions of cents (due to rounding) relating to the employee share of social security and Medicare taxes withheld. The employee share of amounts shown in column 2 of lines 5a–5d may differ slightly from amounts actually withheld from employees' pay due to the rounding of social security and Medicare taxes based on statutory rates.

**8. Current quarter's adjustment for sick pay.** Enter the adjustment for the employee share of social security and Medicare taxes that were withheld and deposited by your third-party sick pay payer with regard to sick pay paid by the third-party. These wages should be included on line 5a, line 5c, and, if the withholding threshold is met, line 5d. If you are the third-party sick pay payer, enter the adjustment for any employer share of these taxes required to be paid by the employer.

**9. Current quarter's adjustments for tips and group-term life insurance.** Enter adjustments for:

- Any uncollected employee share of social security and Medicare taxes on tips, and
- The uncollected employee share of social security and Medicare taxes on group-term life insurance premiums paid for former employees.

**Prior quarter's adjustments.** If you need to correct any adjustment reported on a previously filed Form 941, complete and file Form 941-X. Form 941-X is an adjusted return or claim for refund and is filed separately from Form 941. See section 13 of Pub. 15 (Circular E).

## 10. Total Taxes After Adjustments

Combine the amounts shown on lines 6–9 and enter the result on line 10.

- **If line 10 is less than \$2,500 or line 10 on the preceding quarterly return was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter.** You may pay the amount with Form 941 or you may deposit the amount. To avoid a penalty, you must pay the amount in full with a timely filed return or you must deposit the amount timely. For more information on paying with a timely filed return, see the instructions for line 12 below.
- **If line 10 is \$2,500 or more and line 10 on the preceding quarterly return was \$2,500 or more, or if you incurred a \$100,000 next-day deposit obligation during the current quarter.** You must make deposits according to your deposit schedule. The amount shown on line 10 **must** equal the “Total liability for quarter” shown on line 14 or the “Total liability for the quarter” shown on Schedule B (Form 941).

For more information and rules about federal tax deposits, see *Depositing Your Taxes*, earlier, and section 11 of Pub. 15 (Circular E).



If you are a **semiweekly depositor**, you **must** complete Schedule B (Form 941). If you fail to complete and submit Schedule B (Form 941), the IRS may assert deposit penalties based on available information.

## 11. Total Deposits for This Quarter

Enter your deposits for this quarter, including any overpayment from a prior quarter. Also include in the amount shown any overpayment that you applied from filing Form 941-X or Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund, in the current quarter.

## 12. Balance Due

If line 10 is more than line 11, enter the difference on line 12. Otherwise, see *Overpayment* below.

**You do not have to pay if line 12 is under \$1.**

Generally, you should have a balance due only if your total taxes (line 10) for the current quarter or preceding quarter are less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter. However, see section 11 of Pub. 15 (Circular E) for information about payments made under the accuracy of deposits rule.

You may pay the amount shown on line 12 using EFTPS, credit card, debit card, check, money order, or electronic funds withdrawal (EFW). **Do not** use a credit card, debit card, check, money order, or EFW to pay taxes that were required to be deposited. For more information on electronic payment options, visit the IRS website at [www.irs.gov/e-pay](http://www.irs.gov/e-pay).

If you pay by EFTPS, credit card, or debit card, file your return using the *Without a payment* address under *Where Should You File*, earlier, and **do not** file Form 941-V, Payment Voucher.

If you pay by check or money order, make it payable to the “United States Treasury.” Enter your EIN, Form 941, and the tax period on your check or money order. Complete Form 941-V and enclose with Form 941.

If line 10 is \$2,500 or more and you have deposited all taxes when due, the balance due on line 12 should be zero, unless you have reduced your deposits in anticipation of filing a Form 941-X to claim COBRA premium assistance credits. See *Depositing Your Taxes*, earlier.



If you are required to make deposits and instead pay the taxes with Form 941, you may be subject to a penalty. See *Must You Deposit Your Taxes*, earlier.

## 13. Overpayment

If line 11 is more than line 10, enter the difference on line 13. **Never make an entry on both lines 12 and 13.**

If you deposited more than the correct amount for the quarter, you can choose to have the IRS either refund the overpayment or apply it to your next return. Check only one box on line 13. If you do not check either box or if you check both boxes, generally we will apply the overpayment to your account. We may apply your overpayment to any past due tax account that is shown in our records under your EIN.

If line 13 is under \$1, we will send a refund or apply it to your next return only if you ask us in writing to do so.

## Complete Both Pages

You must complete both pages of Form 941 and sign on page 2. Failure to do so may delay processing of your return.

## Part 2: Tell Us About Your Deposit Schedule and Tax Liability for This Quarter

### 14. Tax Liability for the Quarter

- **De minimis exception.** If line 10 is less than \$2,500 or line 10 on the preceding quarterly return was less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the current quarter, check the appropriate box on line 14 and go to Part 3.



*If you meet the de minimis exception based on the prior quarter and line 10 for the current quarter is \$100,000 or more, you must provide a record of your federal tax liability. If you are a monthly schedule depositor, complete the deposit schedule on line 14. If you are a semiweekly schedule depositor, attach Schedule B (Form 941).*

- If you reported \$50,000 or less in taxes during the lookback period, you are a **monthly schedule depositor** unless the **\$100,000 Next-Day Deposit Rule** discussed in section 11 of Pub. 15 (Circular E) applies. Check the appropriate box on line 14 and enter your tax liability for each month in the quarter. Add the amounts for each month. Enter the result in the **Total liability for quarter** box.

Note that your total tax liability for the quarter must equal your total taxes shown on line 10. If it does not, your tax deposits and payments may not be counted as timely. **Do not** change your tax liability on line 14 by adjustments reported on any Forms 941-X.

You are a **monthly schedule depositor** for the calendar year if the amount of your Form 941 taxes reported for the lookback period is \$50,000 or less. The **lookback period** is the four consecutive quarters ending on June 30 of the prior year. For 2014, the lookback period begins July 1, 2012, and ends June 30, 2013. For details on the deposit rules, see section 11 of Pub. 15 (Circular E). If you filed Form 941 in either 2012 or 2013, your lookback period is the 2012 calendar year.



*The amounts entered on line 14 are a summary of your monthly **tax liability**, not a summary of deposits you made. If you do not properly report your liabilities when required or if you are a semiweekly schedule depositor and enter your liabilities on line 14 instead of on Schedule B (Form 941), you may be assessed an “averaged” failure-to-deposit (FTD) penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E) for more information.*

- If you reported more than \$50,000 of taxes for the lookback period, you are a **semiweekly schedule depositor**. Check the appropriate box on line 14.

You **must** complete Schedule B (Form 941) and submit it with your Form 941. **Do not** use Schedule B (Form 941) if you are a monthly schedule depositor.

**Do not** change your tax liability on Schedule B (Form 941) by adjustments reported on any Forms 941-X.

## Part 3: Tell Us About Your Business

In Part 3, answer only those questions that apply to your business. If the questions do not apply, leave them blank and go to Part 4.

### 15. If Your Business Has Closed . . .

If you go out of business or stop paying wages, you must file a **final return**. To tell the IRS that a particular Form 941 is your final return, check the box on line 15 and enter the date you last paid wages in the space provided. For additional filing requirements, see *If Your Business Has Closed*, earlier.

### 16. If You are a Seasonal Employer . . .

If you hire employees seasonally—such as for summer or winter only—check the box on line 16. Checking the box tells the IRS not to expect four Forms 941 from you throughout the year because you have not paid wages regularly.

Generally, we will not ask about unfiled returns if you file at least one return showing tax due each year. However, you must check the box **every time** you file a Form 941.

Also, when you complete Form 941, be sure to check the box on the top of the form that corresponds to the quarter reported.

## Part 4: May We Speak With Your Third-party Designee?

If you want to allow an employee, a paid tax preparer, or another person to discuss your Form 941 with the IRS, check the “Yes” box in Part 4. Enter the name, phone number, and the five-digit personal identification number (PIN) of the specific person to speak with—not the name of the firm that prepared your tax return. The designee may choose any five numbers as his or her PIN.

By checking “Yes,” you authorize the IRS to talk to the person you named (your designee) about any questions we may have while we process your return. You also authorize your designee to do all of the following.

- Give us any information that is missing from your return.
- Call us for information about processing your return.
- Respond to certain IRS notices that you have shared with your designee about math errors and return preparation. The IRS will not send notices to your designee.

You are not authorizing your designee to bind you to anything (including additional tax liability) or to otherwise represent you before the IRS. If you want to expand your designee's authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization will automatically expire 1 year from the due date (without regard to extensions) for filing your Form 941. If you or your designee want to terminate the authorization, write to the IRS office for your location using the *Without a payment* address under *Where Should You File*, earlier.

## Part 5: Sign Here (Approved Roles)

Complete all information in Part 5 and sign Form 941. The following persons are authorized to sign the return for each type of business entity.

- **Sole proprietorship**— The individual who owns the business.

• **Corporation (including a limited liability company (LLC) treated as a corporation)**— The president, vice president, or other principal officer duly authorized to sign.

• **Partnership (including an LLC treated as a partnership) or unincorporated organization**— A responsible and duly authorized member, partner, or officer having knowledge of its affairs.

• **Single member LLC treated as a disregarded entity for federal income tax purposes**— The owner of the LLC or a principal officer duly authorized to sign.

• **Trust or estate**— The fiduciary.

Form 941 may be signed by a duly authorized agent of the taxpayer if a valid power of attorney has been filed.

**Alternative signature method.** Corporate officers or duly authorized agents may sign Form 941 by rubber stamp, mechanical device, or computer software program. For details and required documentation, see Rev. Proc. 2005-39, 2005-28 I.R.B. 82, at [www.irs.gov/irb/2005-28\\_IRB/ar16.html](http://www.irs.gov/irb/2005-28_IRB/ar16.html).

### Paid Preparer Use Only

A paid preparer must sign Form 941 and provide the information in the *Paid Preparer Use Only* section of Part 5 if the preparer was paid to prepare Form 941 and is not an employee of the filing entity. Paid preparers must sign paper returns with a manual signature. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you are a paid preparer, enter your Preparer Tax Identification Number (PTIN) in the space provided. Include your complete address. If you work for a firm, enter the firm's name and the EIN of the firm. You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN online, visit the IRS website at [www.irs.gov/ptin](http://www.irs.gov/ptin). You cannot use your PTIN in place of the EIN of the tax preparation firm.

Generally, do not complete this section if you are filing the return as a reporting agent and have a valid Form 8655, Reporting Agent Authorization, on file with the IRS. However, a reporting agent must complete this section if the reporting agent offered legal advice, for example, advising the client on determining whether its workers are employees or independent contractors for federal tax purposes.

## How to Order Forms, Instructions, and Publications from the IRS



Visit [www.irs.gov/formspubs](http://www.irs.gov/formspubs).



Call 1-800-TAX-FORM (1-800-829-3676).

## Other IRS Forms, Notices, and Publications You May Need

- Form SS-4, Application for Employer Identification Number
- Form W-2, Wage and Tax Statement
- Form W-2c, Corrected Wage and Tax Statement
- Form W-3, Transmittal of Wage and Tax Statements
- Form W-3c, Transmittal of Corrected Wage and Tax Statements
- Form W-4, Employee's Withholding Allowance Certificate
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return
- Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees
- Form 944, Employer's ANNUAL Federal Tax Return
- Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or Claim for Refund
- Form 8027, Employer's Annual Information Return of Tip Income and Allocated Tips
- Form 8655, Reporting Agent Authorization
- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC)
- Pub. 15 (Circular E), Employer's Tax Guide
- Pub. 15-A, Employer's Supplemental Tax Guide
- Pub. 15-B, Employer's Tax Guide to Fringe Benefits
- Pub. 596, Earned Income Credit
- Pub. 1244, Employee's Daily Record of Tips and Report to Employer
- Pub. 926, Household Employer's Tax Guide
- Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors
- Schedule D (Form 941), Report of Discrepancies Caused by Acquisitions, Statutory Mergers, or Consolidations
- Schedule H (Form 1040), Household Employment Taxes
- Schedule R (Form 941), Allocation Schedule for Aggregate Form 941 Filers

Form **944 for 2013: Employer's ANNUAL Federal Tax Return**

Department of the Treasury — Internal Revenue Service

OMB No. 1545-2007

Employer identification number (EIN)   -

Name (not your trade name)

Trade name (if any)

Address

Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Who Must File Form 944**

You must file annual Form 944 instead of filing quarterly Forms 941 **only if the IRS notified you in writing.** Instructions and prior-year forms are available at [www.irs.gov/form944](http://www.irs.gov/form944).

Read the separate instructions before you complete Form 944. Type or print within the boxes.

**Part 1:** Answer these questions for this year. Employers in American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the U.S. Virgin Islands, and Puerto Rico can skip lines 1 and 2.

1 Wages, tips, and other compensation . . . . . 1

2 Federal income tax withheld from wages, tips, and other compensation . . . . . 2

3 If no wages, tips, and other compensation are subject to social security or Medicare tax 3  Check and go to line 5.

4 Taxable social security and Medicare wages and tips:

	Column 1		Column 2
4a Taxable social security wages	<input type="text"/>	× .124 =	<input type="text"/>
4b Taxable social security tips	<input type="text"/>	× .124 =	<input type="text"/>
4c Taxable Medicare wages & tips	<input type="text"/>	× .029 =	<input type="text"/>
4d Taxable wages & tips subject to Additional Medicare Tax withholding . . . . .	<input type="text"/>	× .009 =	<input type="text"/>

4e Add Column 2 from lines 4a, 4b, 4c, and 4d . . . . . 4e

5 Total taxes before adjustments. Add lines 2 and 4e . . . . . 5

6 Current year's adjustments (see instructions) . . . . . 6

7 Total taxes after adjustments. Combine lines 5 and 6 . . . . . 7

8 Total deposits for this year, including overpayment applied from a prior year and overpayments applied from Form 944-X, 944-X (PR), 944-X (SP), 941-X, or 941-X (PR) . . . . . 8

9a COBRA premium assistance payments (see instructions) . . . . . 9a

9b Number of individuals provided COBRA premium assistance

10 Add lines 8 and 9a . . . . . 10

11 Balance due. If line 7 is more than line 10, enter the difference and see instructions . . . . . 11

12 Overpayment. If line 10 is more than line 7, enter the difference  Check one:  Apply to next return.  Send a refund.

▶ You MUST complete both pages of Form 944 and SIGN it.

Next

**Part 2: Tell us about your deposit schedule and tax liability for this year.**13 Check one:  Line 7 is less than \$2,500. Go to Part 3. Line 7 is \$2,500 or more. Enter your tax liability for each month. If you are a semiweekly depositor or you accumulate \$100,000 or more of liability on any day during a deposit period, you must complete Form 945-A instead of the boxes below.

	Jan.		Apr.		Jul.		Oct.
13a	<input type="text"/>	13d	<input type="text"/>	13g	<input type="text"/>	13j	<input type="text"/>
	Feb.		May		Aug.		Nov.
13b	<input type="text"/>	13e	<input type="text"/>	13h	<input type="text"/>	13k	<input type="text"/>
	Mar.		Jun.		Sep.		Dec.
13c	<input type="text"/>	13f	<input type="text"/>	13i	<input type="text"/>	13l	<input type="text"/>

Total liability for year. Add lines 13a through 13l. Total must equal line 7.

13m

**Part 3: Tell us about your business. If question 14 does NOT apply to your business, leave it blank.**

14 If your business has closed or you stopped paying wages...

 Check here and enter the final date you paid wages.**Part 4: May we speak with your third-party designee?**

Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.

 Yes. Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to IRS.

 No.**Part 5: Sign Here. You MUST complete both pages of Form 944 and SIGN it.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**X**

Sign your name here

Print your name here

Print your title here

Date

Best daytime phone

**Paid Preparer Use Only**Check if you are self-employed 

Preparer's name

PTIN

Preparer's signature

Date

Firm's name (or yours if self-employed)

EIN

Address

Phone

City

State

ZIP code

# Form 944-V, Payment Voucher

## Purpose of Form

Complete Form 944-V, Payment Voucher, if you are making a payment with Form 944, Employer's ANNUAL Federal Tax Return. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

## Making Payments With Form 944

To avoid a penalty, make your payment with your 2013 Form 944 **only if** one of the following applies.

- Your net taxes for the year (Form 944, line 7) are less than \$2,500 and you are paying in full with a timely filed return.
- You already deposited the taxes you owed for the first, second, and third quarters of 2013, and the tax you owe for the fourth quarter of 2013 is less than \$2,500, and you are paying, in full, the tax you owe for the fourth quarter of 2013 with a timely filed return.
- Your net taxes for the third quarter are \$2,500 or more, net taxes for the fourth quarter are less than \$2,500, and you did not incur a \$100,000 next-day deposit obligation during the fourth quarter.
- You are a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 (Circular E), Employer's Tax Guide, for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 (Circular E) for deposit

instructions. Do not use Form 944-V to make federal tax deposits.

**Caution.** Use Form 944-V when making any payment with Form 944. However, if you pay an amount with Form 944 that should have been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E).

## Specific Instructions

**Box 1—Employer identification number (EIN).** If you do not have an EIN, you may apply for one online. Go to [IRS.gov](http://IRS.gov) and click on the *Apply for an EIN Online* link under *Tools*. You may also apply for an EIN by calling 1-800-829-4933, or you can fax or mail Form SS-4, Application for Employer Identification Number, to the IRS. If you have not received your EIN by the due date of Form 944, write "Applied For" and the date you applied in this entry space.

**Box 2—Amount paid.** Enter the amount paid with Form 944.

**Box 3—Name and address.** Enter your name and address as shown on Form 944.

- Enclose your check or money order made payable to the "United States Treasury" and write your EIN, "Form 944," and "2013" on your check or money order. Do not send cash. Do not staple Form 944-V or your payment to Form 944 (or to each other).

- Detach Form 944-V and send it with your payment and Form 944 to the address provided in the Instructions for Form 944. Do not send a photocopy of Form 944-V because your payment may be misapplied or delayed.

**Note.** You must also complete the entity information above Part 1 on Form 944.

**Detach Here and Mail With Your Payment and Form 944.**

 <b>Form 944-V</b> Department of the Treasury Internal Revenue Service	<b>Payment Voucher</b> ▶ Do not staple this voucher or your payment to Form 944.	OMB No. 1545-2007 <b>2013</b>
1 Enter your employer identification number (EIN).	2 <b>Enter the amount of your payment. ▶</b> Make your check or money order payable to "United States Treasury"	Dollars      Cents
	3 Enter your business name (individual name if sole proprietor).  Enter your address.  Enter your city, state, and ZIP code or your city, foreign country name, foreign province/county, and foreign postal code.	

**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. We need it to figure and collect the right amount of tax. Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages and provides for income tax withholding. This form is used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner, or provide false or fraudulent information, you may be subject to penalties.

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 and records relating to a form or 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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil

and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. 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.

The time needed to complete and file Form 944 will vary depending on individual circumstances. The estimated average time is:

- Recordkeeping** . . . . . 13 hr., 9 min.
- Learning about the law or the form** . . . . . 40 min.
- Preparing, copying, assembling, and sending the form to the IRS** . . . . . 2 hr., 6 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 944 simpler, we would be happy to hear from you. You can send us comments from [www.irs.gov/formspubs/](http://www.irs.gov/formspubs/). Click on *More Information* and then click on *Comment on Tax Forms and Publications*. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form 944 to this address. Instead see *Where Should You File?* in the Instructions for Form 944.



Employer identification number (EIN)   -

Name (not your trade name)

Trade name (if any)

Address   
Number Street Suite or room number

City State ZIP code

Foreign country name Foreign province/country Foreign postal code

**Type of Return**  
 (Check all that apply.)

a. Amended

b. Successor employer

c. No payments to employees in 2013

d. Final: Business closed or stopped paying wages

Instructions and prior-year forms are available at [www.irs.gov/form940](http://www.irs.gov/form940).

Read the separate instructions before you complete this form. Please type or print within the boxes.

**Part 1: Tell us about your return. If any line does NOT apply, leave it blank.**

1a If you had to pay state unemployment tax in one state only, enter the state abbreviation . . . . . 1a

1b If you had to pay state unemployment tax in more than one state, you are a multi-state employer . . . . . 1b  Check here. Complete Schedule A (Form 940).

2 If you paid wages in a state that is subject to CREDIT REDUCTION . . . . . 2  Check here. Complete Schedule A (Form 940).

**Part 2: Determine your FUTA tax before adjustments for 2013. If any line does NOT apply, leave it blank.**

3 Total payments to all employees . . . . . 3

4 Payments exempt from FUTA tax . . . . . 4

Check all that apply: 4a  Fringe benefits 4c  Retirement/Pension 4e  Other  
 4b  Group-term life insurance 4d  Dependent care

5 Total of payments made to each employee in excess of \$7,000 . . . . . 5

6 Subtotal (line 4 + line 5 = line 6) . . . . . 6

7 Total taxable FUTA wages (line 3 - line 6 = line 7) (see instructions) . . . . . 7

8 FUTA tax before adjustments (line 7 x .006 = line 8) . . . . . 8

**Part 3: Determine your adjustments. If any line does NOT apply, leave it blank.**

9 If ALL of the taxable FUTA wages you paid were excluded from state unemployment tax, multiply line 7 by .054 (line 7 x .054 = line 9). Go to line 12 . . . . . 9

10 If SOME of the taxable FUTA wages you paid were excluded from state unemployment tax, OR you paid ANY state unemployment tax late (after the due date for filing Form 940), complete the worksheet in the instructions. Enter the amount from line 7 of the worksheet . . . . . 10

11 If credit reduction applies, enter the total from Schedule A (Form 940) . . . . . 11

**Part 4: Determine your FUTA tax and balance due or overpayment for 2013. If any line does NOT apply, leave it blank.**

12 Total FUTA tax after adjustments (lines 8 + 9 + 10 + 11 = line 12) . . . . . 12

13 FUTA tax deposited for the year, including any overpayment applied from a prior year . . . . . 13

14 Balance due (If line 12 is more than line 13, enter the excess on line 14.)  
 • If line 14 is more than \$500, you must deposit your tax.  
 • If line 14 is \$500 or less, you may pay with this return. (see instructions) . . . . . 14

15 Overpayment (If line 13 is more than line 12, enter the excess on line 15 and check a box below.) . . . . . 15

▶ You **MUST** complete both pages of this form and **SIGN** it. Check one:  Apply to next return.  Send a refund.



Name (not your trade name)	Employer identification number (EIN)
----------------------------	--------------------------------------

**Part 5: Report your FUTA tax liability by quarter only if line 12 is more than \$500. If not, go to Part 6.**

**16 Report the amount of your FUTA tax liability for each quarter; do NOT enter the amount you deposited. If you had no liability for a quarter, leave the line blank.**

<b>16a 1st quarter</b> (January 1 – March 31) . . . . .	<b>16a</b>	<input style="width:90%;" type="text"/>	■
<b>16b 2nd quarter</b> (April 1 – June 30) . . . . .	<b>16b</b>	<input style="width:90%;" type="text"/>	■
<b>16c 3rd quarter</b> (July 1 – September 30) . . . . .	<b>16c</b>	<input style="width:90%;" type="text"/>	■
<b>16d 4th quarter</b> (October 1 – December 31) . . . . .	<b>16d</b>	<input style="width:90%;" type="text"/>	■
<b>17 Total tax liability for the year</b> (lines 16a + 16b + 16c + 16d = line 17) <b>17</b>	<b>17</b>	<input style="width:90%;" type="text"/>	■ <b>Total must equal line 12.</b>

**Part 6: May we speak with your third-party designee?**

**Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS? See the instructions for details.**

**Yes.** Designee's name and phone number

Select a 5-digit Personal Identification Number (PIN) to use when talking to IRS

**No.**

**Part 7: Sign here. You MUST complete both pages of this form and SIGN it.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that no part of any payment made to a state unemployment fund claimed as a credit was, or is to be, deducted from the payments made to employees. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**X Sign your name here**

Date

Print your name here

Print your title here

Best daytime phone

**Paid Preparer Use Only**

Check if you are self-employed

Preparer's name <input style="width:90%;" type="text"/>	PTIN	<input style="width:90%;" type="text"/>
Preparer's signature <input style="width:90%;" type="text"/>	Date	<input style="width:100px;" type="text"/>
Firm's name (or yours if self-employed) <input style="width:90%;" type="text"/>	EIN	<input style="width:90%;" type="text"/>
Address <input style="width:90%;" type="text"/>	Phone	<input style="width:90%;" type="text"/>
City <input style="width:150px;" type="text"/>	State <input style="width:100px;" type="text"/>	ZIP code <input style="width:100px;" type="text"/>

# Form 940-V, Payment Voucher

## Purpose of Form

Complete Form 940-V, Payment Voucher, if you are making a payment with Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

## Making Payments With Form 940

To avoid a penalty, make your payment with your 2013 Form 940 **only** if your FUTA tax for the fourth quarter (plus any undeposited amounts from earlier quarters) is \$500 or less. If your total FUTA tax after adjustments (Form 940, line 12) is more than \$500, you must make deposits by electronic funds transfer. See *When Must You Deposit Your FUTA Tax?* in the Instructions for Form 940. Also see sections 11 and 14 of Pub. 15 (Circular E), Employer's Tax Guide, for more information about deposits.

**Caution.** Use Form 940-V when making any payment with Form 940. However, if you pay an amount with Form 940 that should have been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E).

## Specific Instructions

**Box 1—Employer Identification Number (EIN).** If you do not have an EIN, you may apply for one online. Go to IRS.gov and click on the *Apply for an EIN Online* link under *Tools*. You may also apply for an EIN by calling 1-800-829-4933, or you can fax or mail Form SS-4, Application for Employer Identification Number, to the IRS. If you have not received your EIN by the due date of Form 940, write "Applied For" and the date you applied in this entry space.

**Box 2—Amount paid.** Enter the amount paid with Form 940.

**Box 3—Name and address.** Enter your name and address as shown on Form 940.

- Enclose your check or money order made payable to the "United States Treasury." Be sure to enter your EIN, "Form 940," and "2013" on your check or money order. Do not send cash. Do not staple Form 940-V or your payment to Form 940 (or to each other).
- Detach Form 940-V and send it with your payment and Form 940 to the address provided in the Instructions for Form 940.

**Note.** You must also complete the entity information above Part 1 on Form 940.

DRAFT



▼ **Detach Here and Mail With Your Payment and Form 940.** ▼



Form **940-V**

Department of the Treasury  
Internal Revenue Service

## Payment Voucher

OMB No. 1545-0028

**2013**

▶ **Do not staple or attach this voucher to your payment.**

<p><b>1</b> Enter your employer identification number (EIN).</p>	<p><b>2</b> <b>Enter the amount of your payment.</b> ▶ Make your check or money order payable to "United States Treasury"</p>	Dollars	Cents
<p><b>3</b> Enter your business name (individual name if sole proprietor).</p> <p>Enter your address.</p> <p>Enter your city, state, and ZIP code or your city, foreign country name, foreign province/county, and foreign postal code.</p>			

**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. We need it to figure and collect the right amount of tax. Chapter 23, Federal Unemployment Tax Act, of Subtitle C, Employment Taxes, of the Internal Revenue Code imposes a tax on employers with respect to employees. This form is used to determine the amount of the tax that you owe. Section 6011 requires you to provide the requested information if you are liable for FUTA tax under section 3301. Section 6109 requires you to provide your identification number. If you fail to provide this information in a timely manner or provide a false or fraudulent form, you may be subject to penalties.

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 and records relating to a form or 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 section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose

your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions to administer their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal non-tax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

**Recordkeeping** . . . . . 9 hr., 19 min.

**Learning about the law or the form** . . . . . 1 hr., 23 min.

**Preparing, copying, assembling, and sending the form to the IRS** . . . . . 1 hr., 36 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making Form 940 simpler, we would be happy to hear from you. You can send us comments from [www.irs.gov/formspubs](http://www.irs.gov/formspubs). Click on *More Information* and then click on *Comment on Tax Forms and Publications*. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Avenue, NW, IR-6526, Washington, DC 20224. **Do not** send Form 940 to this address. Instead, see *Where Do You File?* in the Instructions for Form 940.

DRAFT

# Form W-4 (2014)

**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 2014 expires February 17, 2015. 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 \$1,000 and includes more than \$350 of unearned income (for example, interest and dividends).

**Exceptions.** An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

**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 2014. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

**Future developments.** Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at [www.irs.gov/w4](http://www.irs.gov/w4).

## Personal Allowances Worksheet (Keep for your records.)

<b>A</b>	Enter "1" for <b>yourself</b> if no one else can claim you as a dependent . . . . .	<b>A</b>	
<b>B</b>	Enter "1" if: <span style="font-size: 2em;">}</span> <ul style="list-style-type: none"> <li>• You are single and have only one job; or</li> <li>• You are married, have only one job, and your spouse does not work; or</li> <li>• Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less.</li> </ul>	<b>B</b>	
<b>C</b>	Enter "1" for your <b>spouse</b> . 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.) . . . . .	<b>C</b>	
<b>D</b>	Enter number of <b>dependents</b> (other than your spouse or yourself) you will claim on your tax return . . . . .	<b>D</b>	
<b>E</b>	Enter "1" if you will file as <b>head of household</b> on your tax return (see conditions under <b>Head of household</b> above) . . . . .	<b>E</b>	
<b>F</b>	Enter "1" if you have at least \$2,000 of <b>child or dependent care expenses</b> for which you plan to claim a credit . . . . . ( <b>Note.</b> Do <b>not</b> include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)	<b>F</b>	
<b>G</b>	<b>Child Tax Credit</b> (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$65,000 (\$95,000 if married), enter "2" for each eligible child; then <b>less</b> "1" if you have three to six eligible children or <b>less</b> "2" if you have seven or more eligible children. • If your total income will be between \$65,000 and \$84,000 (\$95,000 and \$119,000 if married), enter "1" for each eligible child . . . . .	<b>G</b>	
<b>H</b>	Add lines A through G and enter total here. ( <b>Note.</b> This may be different from the number of exemptions you claim on your tax return.) ▶	<b>H</b>	

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 \$50,000 (\$20,000 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 <b>W-4</b> Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Allowance Certificate</h2> <p style="margin: 0;">▶ <b>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.</b></p>	OMB No. 1545-0074  <span style="font-size: 2em; font-weight: bold;">2014</span>
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. <b>Note.</b> 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 2014, and I certify that I meet <b>both</b> of the following conditions for exemption. • Last year I had a right to a refund of <b>all</b> federal income tax withheld because I had <b>no</b> tax liability, <b>and</b> • This year I expect a refund of <b>all</b> federal income tax withheld because I expect to have <b>no</b> 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.

<b>1</b>	Enter an estimate of your 2014 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1950) of your income, and miscellaneous deductions. For 2014, you may have to reduce your itemized deductions if your income is over \$305,050 and you are married filing jointly or are a qualifying widow(er); \$279,650 if you are head of household; \$254,200 if you are single and not head of household or a qualifying widow(er); or \$152,525 if you are married filing separately. See Pub. 505 for details . . . . .	<b>1</b>	\$ _____
<b>2</b>	Enter: $\left\{ \begin{array}{l} \$12,400 \text{ if married filing jointly or qualifying widow(er)} \\ \$9,100 \text{ if head of household} \\ \$6,200 \text{ if single or married filing separately} \end{array} \right\}$ . . . . .	<b>2</b>	\$ _____
<b>3</b>	<b>Subtract</b> line 2 from line 1. If zero or less, enter “-0-” . . . . .	<b>3</b>	\$ _____
<b>4</b>	Enter an estimate of your 2014 adjustments to income and any additional standard deduction (see Pub. 505)	<b>4</b>	\$ _____
<b>5</b>	<b>Add</b> lines 3 and 4 and enter the total. (Include any amount for credits from the <i>Converting Credits to Withholding Allowances for 2014 Form W-4</i> worksheet in Pub. 505.) . . . . .	<b>5</b>	\$ _____
<b>6</b>	Enter an estimate of your 2014 nonwage income (such as dividends or interest) . . . . .	<b>6</b>	\$ _____
<b>7</b>	<b>Subtract</b> line 6 from line 5. If zero or less, enter “-0-” . . . . .	<b>7</b>	\$ _____
<b>8</b>	<b>Divide</b> the amount on line 7 by \$3,950 and enter the result here. Drop any fraction . . . . .	<b>8</b>	_____
<b>9</b>	Enter the number from the <b>Personal Allowances Worksheet</b> , line H, page 1 . . . . .	<b>9</b>	_____
<b>10</b>	<b>Add</b> lines 8 and 9 and enter the total here. If you plan to use the <b>Two-Earners/Multiple Jobs Worksheet</b> , also enter this total on line 1 below. Otherwise, <b>stop here</b> and enter this total on Form W-4, line 5, page 1 . . . . .	<b>10</b>	_____

### 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.

<b>1</b>	Enter the number from line H, page 1 (or from line 10 above if you used the <b>Deductions and Adjustments Worksheet</b> )	<b>1</b>	_____
<b>2</b>	Find the number in <b>Table 1</b> below that applies to the <b>LOWEST</b> paying job and enter it here. <b>However</b> , if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than “3” . . . . .	<b>2</b>	_____
<b>3</b>	If line 1 is <b>more than or equal to</b> 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. <b>Do not</b> use the rest of this worksheet . . . . .	<b>3</b>	_____
<b>Note.</b> If line 1 is <b>less than</b> 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.			
<b>4</b>	Enter the number from line 2 of this worksheet . . . . .	<b>4</b>	_____
<b>5</b>	Enter the number from line 1 of this worksheet . . . . .	<b>5</b>	_____
<b>6</b>	<b>Subtract</b> line 5 from line 4 . . . . .	<b>6</b>	_____
<b>7</b>	Find the amount in <b>Table 2</b> below that applies to the <b>HIGHEST</b> paying job and enter it here . . . . .	<b>7</b>	\$ _____
<b>8</b>	<b>Multiply</b> line 7 by line 6 and enter the result here. This is the additional annual withholding needed . . . . .	<b>8</b>	\$ _____
<b>9</b>	Divide line 8 by the number of pay periods remaining in 2014. For example, divide by 25 if you are paid every two weeks and you complete this form on a date in January when there are 25 pay periods remaining in 2014. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck . . . . .	<b>9</b>	\$ _____

**Table 1**

**Table 2**

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>LOWEST</b> paying job are—	Enter on line 2 above	If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above	If wages from <b>HIGHEST</b> paying job are—	Enter on line 7 above
\$0 - \$6,000	0	\$0 - \$6,000	0	\$0 - \$74,000	\$590	\$0 - \$37,000	\$590
6,001 - 13,000	1	6,001 - 16,000	1	74,001 - 130,000	990	37,001 - 80,000	990
13,001 - 24,000	2	16,001 - 25,000	2	130,001 - 200,000	1,110	80,001 - 175,000	1,110
24,001 - 26,000	3	25,001 - 34,000	3	200,001 - 355,000	1,300	175,001 - 385,000	1,300
26,001 - 33,000	4	34,001 - 43,000	4	355,001 - 400,000	1,380	385,001 and over	1,560
33,001 - 43,000	5	43,001 - 70,000	5	400,001 and over	1,560		
43,001 - 49,000	6	70,001 - 85,000	6				
49,001 - 60,000	7	85,001 - 110,000	7				
60,001 - 75,000	8	110,001 - 125,000	8				
75,001 - 80,000	9	125,001 - 140,000	9				
80,001 - 100,000	10	140,001 and over	10				
100,001 - 115,000	11						
115,001 - 130,000	12						
130,001 - 140,000	13						
140,001 - 150,000	14						
150,001 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.

**Annual Return of Withheld Federal Income Tax**

Department of the Treasury  
Internal Revenue Service

▶ For withholding reported on Forms 1099 and W-2G.  
▶ For more information on income tax withholding, see Pub. 15 (Circ. E) and Pub. 15-A.  
▶ Information about Form 945 and its separate instructions is at [www.irs.gov/form945](http://www.irs.gov/form945).

**2013**

<b>Type or Print</b>	Name (as distinguished from trade name)	Employer identification number (EIN)	<b>If address is different from prior return, check here. ▶</b> <input type="checkbox"/>
	Trade name, if any		
	Address (number and street)		
	City or town, state or province, country, and ZIP or foreign postal code		

**A** If you **do not have to file** returns in the future, check here  and enter date final payments made. ▶

<b>1</b> Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc. . . . .	<b>1</b>		
<b>2</b> Backup withholding . . . . .	<b>2</b>		
<b>3 Total taxes.</b> If \$2,500 or more, this must equal line 7M below or Form 945-A, line M . . . . .	<b>3</b>		
<b>4</b> Total deposits for 2013, including overpayment applied from a prior year and overpayment applied from Form 945-X . . . . .	<b>4</b>		
<b>5 Balance due.</b> If line 3 is more than line 4, enter the difference and see the separate instructions . . . . .	<b>5</b>		
<b>6 Overpayment.</b> If line 4 is more than line 3, enter the difference ▶ \$ _____			

Check one:  Apply to next return.  Send a refund.

- **All filers:** If line 3 is less than \$2,500, **do not** complete line 7 or Form 945-A.
- **Semiweekly schedule depositors:** Complete **Form 945-A** and check here . . . . .
- **Monthly schedule depositors:** Complete **line 7, entries A through M**, and check here . . . . .

<b>7 Monthly Summary of Federal Tax Liability. (Do not complete if you were a semiweekly schedule depositor.)</b>								
	Tax liability for month			Tax liability for month			Tax liability for month	
<b>A</b> January . . . . .			<b>F</b> June . . . . .			<b>K</b> November . . . . .		
<b>B</b> February . . . . .			<b>G</b> July . . . . .			<b>L</b> December . . . . .		
<b>C</b> March . . . . .			<b>H</b> August . . . . .			<b>M</b> Total liability for year (add lines <b>A</b> through <b>L</b> ) . . . . .		
<b>D</b> April . . . . .			<b>I</b> September . . . . .					
<b>E</b> May . . . . .			<b>J</b> October . . . . .					

**Third-Party Designee** Do you want to allow another person to discuss this return with the IRS (see the instructions)?  Yes. Complete the following.  No.

Designee's name ▶ Phone no. ▶ Personal identification number (PIN) ▶

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature ▶ Print Your Name and Title ▶ Date ▶

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

# Form 945-V, Payment Voucher

## Purpose of Form

Complete Form 945-V, Payment Voucher, if you are making a payment with Form 945, Annual Return of Withheld Federal Income Tax. We will use the completed voucher to credit your payment more promptly and accurately, and to improve our service to you.

## Making Payments With Form 945

To avoid a penalty, make your payment with your 2013 Form 945 **only if**:

- Your total taxes for the year (Form 945, line 3) are less than \$2,500 and you are paying in full with a timely filed return, or
- You are a monthly schedule depositor making a payment in accordance with the Accuracy of Deposits Rule. See section 11 of Pub. 15 (Circular E), Employer's Tax Guide, for details. In this case, the amount of your payment may be \$2,500 or more.

Otherwise, you must make deposits by electronic funds transfer. See section 11 of Pub. 15 (Circular E) for deposit instructions. Do not use Form 945-V to make federal tax deposits.

**Caution.** Use Form 945-V when making any payment with Form 945. However, if you pay an amount with Form 945 that should have been deposited, you may be subject to a penalty. See Deposit Penalties in section 11 of Pub. 15 (Circular E).

## Specific Instructions

**Box 1—Employer identification number (EIN).** If you do not have an EIN, you may apply for one online. Go to IRS.gov and click on the *Apply for an EIN Online* link under *Tools*. You may also apply for an EIN by calling 1-800-829-4933, or you can fax or mail Form SS-4, Application for Employer Identification Number, to the IRS. If you have not received your EIN by the due date of Form 945, write "Applied For" and the date you applied in this entry space.

**Box 2—Amount paid.** Enter the amount paid with Form 945.

**Box 3—Name and address.** Enter your name and address as shown on Form 945.

- Enclose your check or money order made payable to "United States Treasury." Be sure to enter your EIN, "Form 945," and "2013" on your check or money order. Do not send cash. Do not staple Form 945-V or your payment to the return (or to each other).

- Detach Form 945-V and send it with your payment and Form 945 to the address provided in the Instructions for Form 945.

**Note.** You must also complete the entity information above line A on Form 945.



▼ **Detach Here and Mail With Your Payment and Form 945.** ▼



Form **945-V**

## Payment Voucher

OMB No. 1545-1430

Department of the Treasury  
Internal Revenue Service

▶ **Do not attach this voucher or your payment to Form 945.**

**2013**

1 Enter your employer identification number (EIN).

2 Enter the amount of your payment . . . ▶

Make your check or money order payable to "United States Treasury"

Dollars

Cents

3 Enter your business name (individual name if sole proprietor).

Enter your address.

Enter your city, state, and ZIP code.



**Department of Taxation**

P.O. Box 182215  
Columbus, OH 43218-2215  
(888) 405-4089



07100100

**IT 1** Rev. 11/13

**Application for Registration as an Ohio Withholding Agent**

Employer withholding account no. (For department use only)

Federal employer identification no.

Social Security no. / ITIN

Ohio corporate charter no. / certificate no.

Reactivate for account number?  Yes. If yes, provide number if available.  No

Will you have an employee that **resides** in a taxing school district?  Yes  No

1. Check type of ownership:  Sole owner  Partnership  Corporation  Nonprofit  LLC  LLP  LTD  Single member LLC  Other (please specify) \_\_\_\_\_

2. Date of first Ohio payroll, if known (MM/DD/YY) \_\_\_\_\_

3. Provide NAICS code and state nature of business activity \_\_\_\_\_ (For the most current listings, search NAICS on our Web site at [tax.ohio.gov](http://tax.ohio.gov))

4. Legal name \_\_\_\_\_ (Corporation, sole owner, partnership, etc.)

5. Trade name or DBA \_\_\_\_\_

6. Primary address \_\_\_\_\_ Address of corporation, sole owner, partnership, etc. City State ZIP code

Business phone no.

Fax no.

Secondary phone no.

7. Mailing address \_\_\_\_\_ (If different from above) City State ZIP code

8. Check the box applicable to your estimated employer withholding remittance amount per year:  Less than \$2,000 a year  At least \$2,000, but less than \$84,000  Greater than \$84,000

9. Ohio liquor permit number (if any) \_\_\_\_\_ - \_\_\_\_\_

10. Information for individual responsible for filing returns and making payment of Ohio and school district withholding taxes:

Name Title Phone no. SSN / ITIN City State ZIP code

11. Name, phone number, fax number and e-mail address of individual the department should contact regarding this account

Name Phone no. Fax no. E-mail address Date Signature of applicant

**Federal Privacy Act Notice**  
Because we require you to provide us with a Social Security number, the *Federal Privacy Act of 1974* requires us to inform you that providing us with your Social Security number is mandatory. Ohio Revised Code sections 5703.05, 5703.057 and 5747.08 authorize us to request this information. We need your Social Security number in order to administer this tax.





If possible, please print (duplex) this page as the reverse side of the Ohio form IT 941. If you are unable to duplex this page, please keep this second page for your records and only mail in the front side of the Ohio form IT 941. **Do not mail this page in separately.**

**Reverse side of Ohio form IT 941**

Month	Ohio Gross Payroll	Ohio Tax Withheld—Line 1
January		
February		
March		
April		
May		
June		
July		
August		
September		
October		
November		
December		
<b>Annual Total</b>		



1.h Mailing Address (if different than physical business address):

**Note:** To have your correspondence sent to a representative (i.e., accountant, payroll company, etc), please complete an Employer's Representative Authorization form (JFS 20106).

Attention

[Grid for Attention field]

Address Line 1 - Enter street address or PO Box information here (ie, 123 Main St, PO BOX 123, etc.).

[Grid for Address Line 1]

Address Line 2 - Enter secondary address information here (ie, STE 123, APT A, 1st FL, etc.). If none, please leave blank.

[Grid for Address Line 2]

City

[Grid for City]

State ZIP

[Grid for State and ZIP]

Country

[Grid for Country]

Province - International addresses only

Postal Delivery Code - International addresses only

[Grid for Province and Postal Delivery Code]

\* 2.a Type of business operation (choose one):

Individual  Partnership  Association  Joint Venture  Limited Liability Company (taxed as corporation)

Limited Liability Company (taxed as individual)  Limited Liability Company (taxed as partnership)

Limited Partnership  Public Entity

Corporation

State of inc. Date of inc. (MM/DD/YYYY)

Charter Number

[Grid for State of inc., Date of inc., and Charter Number]

Fiduciary (i.e., trust, estate, guardianship or receivership)

[Grid for Fiduciary field]

Enter name of Trustee, Executor, Guardian or Receiver

[Grid for Name of Trustee, Executor, Guardian or Receiver]

Other (explain)

[Grid for Other (explain) field]

T

3. Provide the following information regarding the principal member(s) of the business (i.e., individual, partners, corporate officers, etc.):

**Note:** If you selected Public Entity in question #2, you must provide the name of an individual to be responsible for the receipt of all forms, reports and billings.

Salutation (Mr, Mrs) * Position or Title	Social Security Number
<input type="text"/>	<input type="text"/>

\* First Name

\* Last Name

\* Address Line 1 - Enter street address or PO Box information here (ie, 123 Main St, PO BOX 123, etc.).

Address Line 2 - Enter secondary address information here (ie, STE 123, APT A, 1st FL, etc.). If none, please leave blank.

\* City

* State	* ZIP	-	* Country
<input type="text"/>	<input type="text"/>		<input type="text"/>

Province - International addresses only	Postal Delivery Code - International addresses only
<input type="text"/>	<input type="text"/>

Telephone Number	Fax Number
<input type="text"/>	<input type="text"/>

Email

Salutation (Mr, Mrs) Position or Title	Social Security Number
<input type="text"/>	<input type="text"/>

First Name

Last Name

Address Line 1 - Enter street address or PO Box information here (ie, 123 Main St, PO BOX 123, etc.).

Address Line 2 - Enter secondary address information here (ie, STE 123, APT A, 1st FL, etc.). If none, please leave blank.

City

T

T



\* 9.b Describe the type of services performed, products made, sold, etc.

[Empty text box for describing services]

\* 9.c What Ohio county do you employ the greatest number of workers:

[Grid of boxes for Ohio county selection]

9.d Do you have more than one business location in Ohio?  Yes  No

9.e Is this establishment primarily engaged in performing services for other units of the company?  Yes  No

If yes, indicate nature of activity:

Central Administrative Office, Storage (warehouse), Research, Development, or Testing, Other [grid]

NOTE: If you have any questions in regard to questions 9.a thru 9.e, please telephone (614) 644-2689.

\* 10.a What Type of Business are you engaged in? (Please only check one and answer the questions below it):

General

- a. Have you paid or will you pay wages of \$1,500 or more in covered employment in a calendar quarter?
b. If yes, enter the date this occurred or will occur:
c. Have you had or will you have at least one employee in covered employment for some portion of a day in each of 20 different weeks in any calendar year?
d. If yes, enter the date this occurred or will occur:

Agricultural

- a. Have you paid or will you pay wages of \$20,000 or more in covered employment in a calendar quarter?
b. If yes, enter the date this occurred or will occur:
c. Have you had or will you employ at least 10 individuals in agricultural employment for some portion of a day in each of 20 different weeks in any calendar year?
d. If yes, enter the date this occurred or will occur:

Domestic

- a. Have you paid or will you pay wages of \$1,000 or more in covered employment in a calendar quarter?
b. If yes, enter the date this occurred or will occur:

Non-Profit Organization or Indian Tribe

- a. Do you have a Federal Letter of Exemption from paying income taxes under Section 501(c)(3) of the Internal Revenue Code?
b. If yes, submit a copy of the Exemption Letter with this application.

c. Have you employed or will you employ at least 4 individuals in covered employment for some portion of a day in each of 20 different weeks?  Yes  No

d. If yes, enter the date this first occurred or will occur:  /  /

e. If determined liable, do you wish to be set up as a Contributory or Reimbursing employer?  Contributory  Reimbursing

f. If you are not otherwise subject to unemployment compensation law, would you like to voluntarily cover your employees for unemployment compensation?  Yes  No

g. If you do not have a Federal Letter of Exemption, have you applied for one?  Yes  No

h. If you have applied for a Federal Letter of Exemption, but have not received one, please answer the following questions:

i. Have you paid, or will you pay wages of \$1500 or more in covered employment in a calendar quarter?  Yes  No

ii. If yes, enter the date this first occurred or will occur:  /  /

iii. Have you had or will you have at least one employee in covered employment for some portion of a day in each of 20 different weeks in any calendar year?  Yes  No

iv. If yes, enter the date this first occurred or will occur:  /  /

Government Agency or Public Entity

a. Did you employ at least one (1) individual in covered employment (Elected Officials are not considered as covered employment)?  Yes  No

Church or Organization Operated Primarily for Religious Purposes

\* 11.a Do you have any workers who perform services for your business whom you consider to be self-employed or independent contractors?  Yes  No

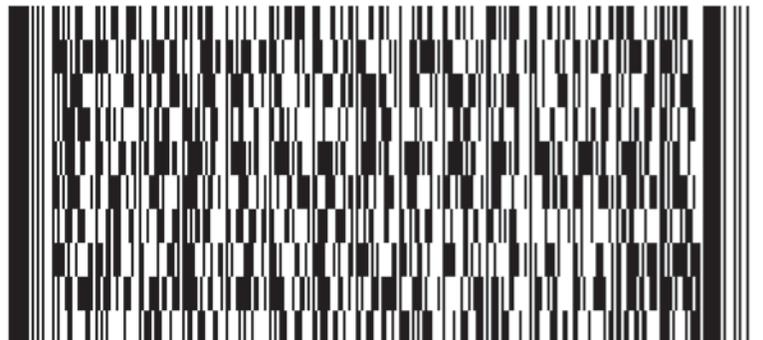
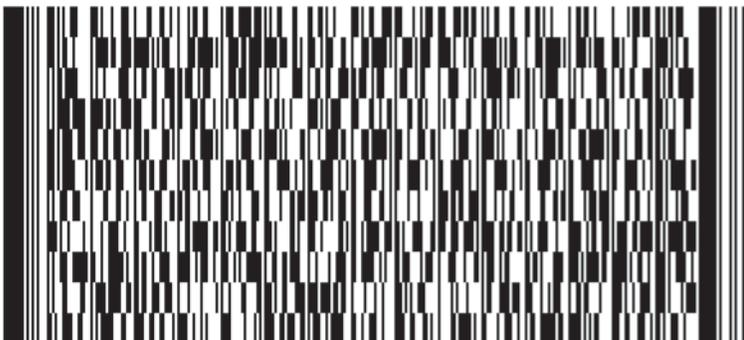
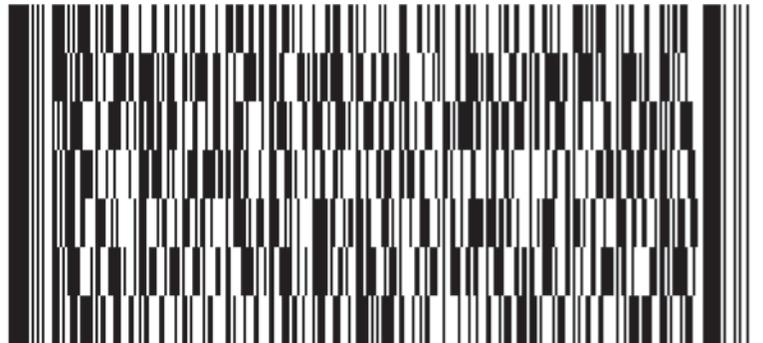
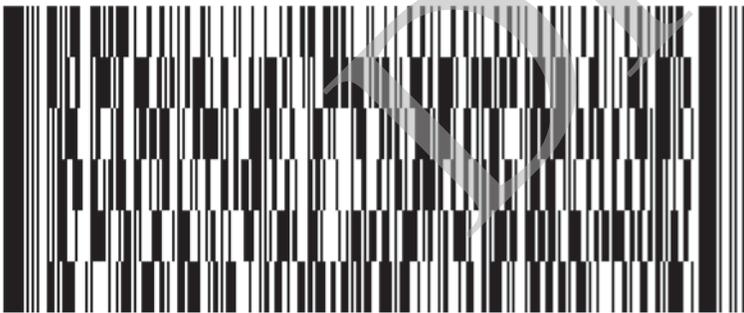
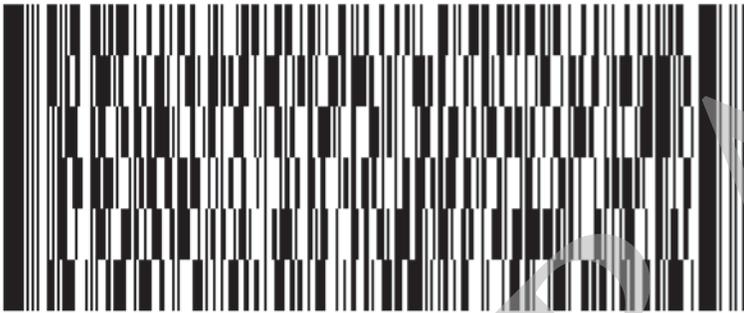
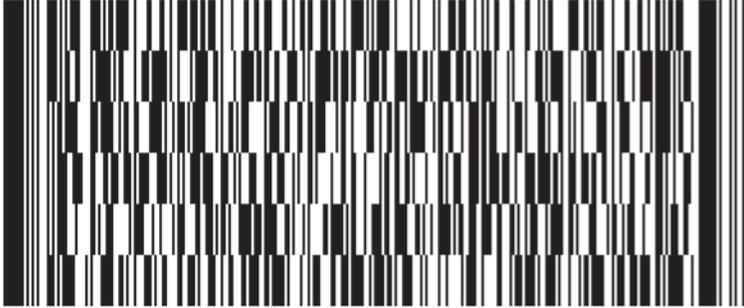
**Certification:** I hereby certify that the information given in this report is true to the best of my knowledge and belief.

Signature:

Date  /  /

Title

Please return this page when mailing.







9 b. Who was the deceased partner?

[Grid for name entry]

9 c. Was the business being operated in Ohio at the time of the partner's demise?  Yes  No

If no, please enter date that the business ceased operations.

[Date grid: / / ]

9 d. Did you acquire 100% of the partner's business assets in Ohio?  Yes  No

If no, list the assets not acquired (include accounts receivable).

[Two rows of grids for asset listing]

10. If you selected Death of Former Owner - Sole Proprietor in question # 6, please answer questions #10.a thru #10.c and skip to question # 12.

10 a. What was the date of death?

[Date grid: / / ]

10 b. Was the business being operated in Ohio at the time of the individual's demise?  Yes  No

If no, please enter date that the business ceased operations.

[Date grid: / / ]

10 c. Did you acquire 100% of the individual's business assets in Ohio?  Yes  No

If no, list the assets not acquired (include accounts receivable).

[Two rows of grids for asset listing]

11. If you selected Domestic Employment Transfer in question # 6, please answer questions #11.a thru #11.c and skip to question # 12.

11 a. Type of transfer (choose one):

- One spouse to another
- One household member to another
- Guardian appointed
- Death - Enter date of death:

[Date grid: / / ]

11 b. What was the effective date of the transfer?

[Date grid: / / ]

11 c. Did all of the employees transfer?  Yes  No

\* 12. Did you acquire another business on the same date?  Yes  No

**Note:** If yes, please complete another Transfer of Business (JFS 20101) and submit both forms at the same time.

\* 13. Transferee's Employer Name

[Three rows of grids for employer name entry]

\* 14. Transferee's Employer Account Number

Note: If you do not have an account number, you must submit a Report to Determine Liability (JFS 20100) with this application.

Form with 10 boxes for account number, followed by a hyphen, two boxes, another hyphen, and one box.

\* 15. Transferee's Phone Number

Form with three groups of boxes for phone number, separated by hyphens.

CERTIFICATION: I hereby certify that the information given in this report is true to the best of my knowledge and belief.

Signature:

Large empty rectangular box for signature.

Date:

Form with boxes for month, day, and year, separated by slashes.

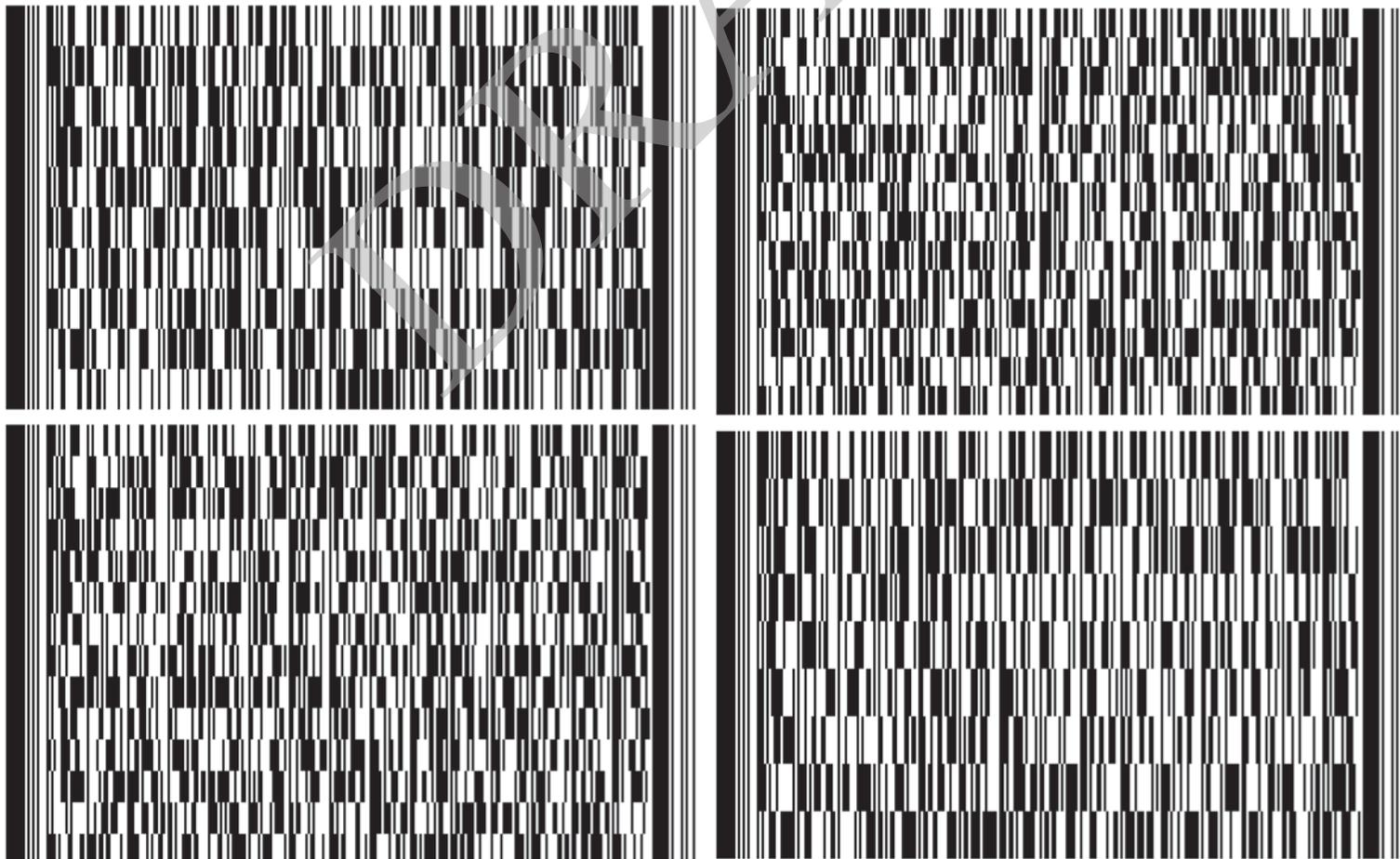
Title:

Form with 15 boxes for title.

Section 4141.24(F) of the Ohio Revised Code stipulates that the transfer of all the assets of an ongoing business will result in the transferee becoming a successor in interest. This is mandatory under the law and in this event the successor assumes all of the resources and liabilities of the transferor's account. This is further described in Rule 4141-17-04 of the Ohio Administrative code shown below.

4141-17-04 Automatic Successorship

- (A) The transferee shall become a successor in interest by operation of law where:
1. There is a transfer of all of the transferor's assets located in the state of Ohio; or
2. The transferee is owned or controlled in whole or in substantial part by the same interests as those of the transferor.
3. At the time of the transfer, the business is ongoing and the transferor is liable under Chapter 4141. of the Revised Code.
(B) The transferee, as successor in interest, shall assume all of the resources and liabilities of the transferor's account. The Director shall revise the contribution rates of the transferee to reflect the result of the successorship.
(C) Control of a business enterprise may occur by means of ownership of the organization conducting the business enterprise, ownership of assets necessary to conduct the business enterprise, security arrangements or lease arrangements covering assets necessary to conduct the business enterprise.
(D) The Director may deny a transfer of employment experience under this chapter if the Director determines based on credible evidence that the acquisition was done primarily to qualify for a reduced unemployment insurance tax rate by:
1. Circumventing the experience rating system; or
2. Manipulating the experience rating system by minimizing the impact of chargebacks to the predecessor employer's tax account.
(E) For the purposes of this rule, employees shall not be considered assets.



Have questions? Need assistance? BWC is here to help!

Call 1-800-OHIOBWC, and listen to the options to reach a customer service representative.

You can dial the number nationwide, and in Canada and Mexico from 7:30 a.m. to 5:30 p.m. EST.

Remember, you can access information and request services by visiting BWC's Web site at [ohiobwc.com](http://ohiobwc.com)

Workers' compensation coverage protects you and your employees in the event of a work-related injury, disease or death. In Ohio, all employers with one or more employees must carry workers' compensation coverage. It's the law. Coverage for Ohio employers and their employees (i.e., employees whose contracts of hire have been consummated within the borders of Ohio, whose employment involves activities both within and without the borders of Ohio and where the supervising office of the employer is located in Ohio), becomes effective when BWC receives this completed application and the \$10 minimum security deposit. Independent contractors and subcontractors also must obtain coverage for their employees.

BWC considers officers of a corporation employees for the purposes of workers' compensation; except for an individual incorporated as a corporation (to qualify must have a single/sole owner with no employees).

However, if you are self-employed, a partner in a business, an officer of a family farm corporation or an individual incorporated as a corporation, you are not automatically covered. You may elect coverage for yourself by selecting Yes in the elective coverage section and owners/officers/ministers information section of this application.

### It's easy to obtain coverage by following these steps:

- ① Apply for coverage online at [ohiobwc.com](http://ohiobwc.com), or complete all fields on this application for coverage;
- ② Provide as many details as possible. When describing the nature of the business, include the type of work performed and the equipment used;
- ③ Sign and date the application. It's not valid without a signature;
- ④ Detach and mail the completed application with a \$10 minimum security deposit to:
 

**Ohio Bureau of Workers' Compensation**  
**P.O. Box 15698**  
**Columbus, OH 43215-0698**

Please make check or money order payable to the **Ohio Bureau of Workers' Compensation**, or if you prefer, you may charge the minimum security deposit to your VISA®, MasterCard® or American Express®.

### What happens next?

Once BWC receives your application for coverage you will receive:

- A new employer kit explaining your rights and responsibilities, and cost-saving tips for your business. The kit includes: an *MCO Selection Guide* with instructions on how to select a managed care organization to medically manage your company's workers' compensation claims; *Certificate of Premium Payment*, including the effective date of coverage, which is the day BWC receives your signed application and \$10 deposit; and your seven-digit identification number called a BWC policy number. Please use it whenever you contact BWC about your policy. Remove the *Certificate of Premium Payment* and post it as proof of coverage;
- An invoice for the difference between the \$10 minimum security deposit and the additional security deposit you owe. The security deposit is 30 percent of your estimated eight months' premium up to a maximum of \$1,000. Your security deposit will not be applied to future premium.

**Coverage is not in effect until BWC receives the completed application and the \$10 minimum security deposit. BWC is unable to process incomplete applications.**

# Completing the Application for Ohio Workers' Compensation Coverage

## General information – completed by all employer types

Ohio law requires employers to obtain workers' compensation coverage for their employees from the first date of hire. Indicate the date you first hired one or more employees in Ohio or the date you estimate you will hire one or more employees in Ohio. If you do not provide this information, BWC may bill you for two years of prior-to-coverage premium.

Be sure to supply your federal employer identification number (FEIN). You can obtain a FEIN number by calling the Internal Revenue Service. If you have applied for a FEIN, but have not received one, write "applied for" in the appropriate box, and you may supply it at a later date. Domestic household employers, sole proprietors and partnerships who do not need a FEIN should supply a Social Security number of the sole proprietor, or one of the home owners or partners.

BWC uses your primary physical Ohio location to assign one customer service office for all your risk-management services. Please provide the address for your primary Ohio location best capable of handling and resolving your risk-management issues or an out of state location if you have no physical Ohio location.

## Business entity information

Select the one business entity type that applies to your company. For workers' compensation purposes, there are four possible business entity types that apply to a corporation (i.e., limited liability company acting as a corporation, corporation, individual incorporated as a corporation with no employees and family farm corporation). Select the business entity type that best describes your corporate structure.

**Domestic household coverage:** Applies to full or part-time domestic workers employed inside or outside your private residence and includes private chauffeurs. Domestic household employers who pay workers \$160 or more in a calendar quarter must have workers' compensation insurance. Normally these workers provide domestic services, such as gardening, housekeeping, babysitting, etc. However, you should include workers you hire as employees to provide home improvement for construction type activities to your residence if the worker does not have his or her own business or own workers' compensation insurance. Please check the appropriate box under Domestic household employer that applies to the type of worker you will hire, and supply an eight-month payroll estimate so BWC may calculate your premium security deposit. If you are hiring a contractor to perform these services, you may want to verify he or she has active workers' compensation coverage.

**Sole proprietors and partners (including limited liability companies acting as a sole proprietor or partnership):** Sole proprietors and partners are exempt from workers' compensation coverage. However, you are required to cover your employees. If you qualify for elective coverage, you can elect coverage by selecting Yes in the elective coverage section and owners/officers/ministers information section of this application.

**Limited liability companies:** These companies can elect to be treated as a corporation, sole proprietorship or partnership for income tax purposes. Because of this, owners of a limited liability company can be treated differently depending upon the form of entity they elect for income tax purposes. If electing to be treated as a sole proprietorship or partnership, coverage is elective for the owners. If electing to be treated as a corporation, coverage for the owners is not elective except for an individual incorporated as a corporation. Please check the appropriate limited liability company box advising whether you are acting as sole proprietor, partnership or a corporation.

**Corporations:** Corporate officer reportable wages are subject to a minimum and maximum, which is based on the statewide average weekly wage (SAWW) calculated annually by the Ohio Department of Job and Family Services. The minimum payroll reporting limit will be 50 percent of the SAWW and the maximum payroll reporting limit will be 150 percent of the SAWW. The minimum reportable payroll applies only to active executive officers of the corporation (i.e., officers engaged in the decision making and the day to day operation of the corporation). Officers of a corporation who earn between the minimum and maximum will report their actual W-2 wages. For S-corporations, officers must report wages for services they perform. This may include W-2 wages as well as all or part of ordinary income from Schedule K-1 up to the maximum.

Note: Visit BWC's Web site (choose: Ohio Employers; Payroll reporting information under Financial Info heading), or call BWC to obtain the minimum and maximum payroll reporting requirement amounts applicable for each payroll reporting period.

**Individuals incorporated as a corporation (with no employees):** To qualify for this business entity type you must have a single/sole owner with no employees. The single/sole owner with no employees can elect coverage by selecting Yes in the elective coverage section and owners/officers/ministers information section of this application. Corporations having more than one owner or a single/sole owner with employees are by law required to have workers' compensation coverage for all personnel associated with the corporation, including all corporate officers.

**Family farm corporation:** These officers are exempt from workers' compensation coverage. However, you must cover their employees. These family farm corporate officers can elect coverage by selecting Yes in the elective coverage section and owners/officers/ministers information section of this application. To qualify as a family farm corporation, you must meet the following criteria:

- The family farm must be founded for the purpose of farming animal or plant products intended for consumption by human beings or animals (excluding nurseries and flower production enterprises);
- A majority of the shareholders must be related within the fourth degree of kinship (siblings, parents, grandparents, aunts, uncles, great aunts, great uncles or first cousins) or be the spouse of such persons;
- No shareholder may be a corporation;
- At least one of the related persons within the corporation must reside on or actively operate the farm.

## Business purchase/associated policy information (does not apply to domestic household employees)

Effective July 27, 2006, for all successions taking place on or after Sept. 1, 2006, in situations where a successor takes over the entire operation, any and all existing and future liabilities or credits will transfer to the successor in addition to the experience. In such cases, it will be the successor's responsibility to notify BWC of the succession. When you acquire or purchase a business, you must apply for coverage if you do not already have an Ohio workers' compensation policy and you must submit a completed Notification of *Acquisition/Merger or Purchase/Sale* (U-118).

## Out-of-state considerations

You may segregate your payroll by state if you elect to obtain non-BWC coverage for work done outside of Ohio. Please refer to BWC's Notice of *Election to Obtain Coverage from Other States for Employees Working Outside of Ohio* (U-131) and instructions to determine if this election is available to your business.

**Ohio employers:** You must disclose payroll information for employees who work both within and outside of Ohio. If you elect coverage from another state, you:

- Should NOT include work done outside of Ohio when reporting payroll or calculating premium payments to BWC for work done in Ohio;
- Must report payroll for work done outside of Ohio to BWC on a separate form. (This is for recordkeeping purposes only. You do NOT have to pay an Ohio premium for out-of-state work.)

**Out-of-state employers:** BWC will recognize out-of-state coverage for employees who are residents of another state but work in Ohio for no more than 90 days. However, BWC will only recognize that coverage if the other state recognizes Ohio employers in the same manner. **IF NOT**, you must obtain Ohio coverage and report payroll to BWC for all work done in Ohio that is not subject to reciprocity from the other state.

If you specifically hire employees to work in Ohio, you must obtain coverage from BWC regardless of where you hired the workers.

## Elective coverage (does not apply to domestic household employees)

Coverage on the owners or officers of a corporation and a limited liability company acting as a corporation (except for individuals incorporated as a corporation) is not voluntary. However, coverage on certain owners or ministers is elective. The categories of individuals that qualify for elective coverage are listed below.

- Sole proprietor
- Partnership
- Limited liability company acting as a sole proprietor
- Limited liability company acting as a partnership
- Family farm corporate officers
- Ordained or associate ministers of religious organizations in the exercise of their ministries
- Individual incorporated as a corporation (with no employees)

If you qualify for elective coverage, you can elect coverage by selecting Yes in the Elective coverage section and owners/officers/ministers information section of this application. Once the policy has been established, you will need to complete the *Application for Elective Coverage* (U-3S) to add additional qualifying owners or ministers. Remember, if you choose not to cover yourself and you are injured at work, BWC will not provide coverage, and other insurance may not cover your work-related disability or medical bills.

Specific payroll reporting requirements associated with elective coverage are listed below.

**Sole proprietors and partners (including limited liability companies acting as a sole proprietor or partnership):** For all individuals electing coverage, the reportable wages are subject to a minimum and maximum, which is based on the SAWW calculated annually by the Ohio Department of Job and Family Services. The minimum payroll reporting limit will be 50 percent of the SAWW and the maximum payroll reporting limit will be 150 percent of the SAWW. Individuals who earn between the minimum and maximum will report their actual net incomes based on their form 1040, Schedule C for sole proprietors, or form 1065 Schedule K-1 for partnerships, inclusive of any draws.

**Officers of a family farm corporation:** For corporate officers of a family farm electing coverage, the reportable wages are subject to a minimum and maximum, which is based on the SAWW calculated annually by the Ohio Department of Job and Family Services. The minimum payroll reporting limit will be 50 percent of the SAWW and the maximum payroll reporting limit will be 150 percent of the SAWW. Officers of a corporation who earn between the minimum and maximum will report their actual W-2 wages. For S-corporations, officers must report wages for services they perform. This may include W-2 wages as well as all or part of ordinary income from Schedule K-1 up to the maximum.

**Religious organizations:** Ohio law requires religious organizations to cover their paid employees. However, ordained ministers and associate ministers are not considered employees for the purpose of workers' compensation. When a minister is covered under the religious organization's policy, actual earnings are reportable and are not subject to the minimum and maximum. Ministers not covered under the religious organization's policy can complete an application for coverage and elect coverage on themselves as a sole proprietor. Ministers electing coverage as a sole proprietor are subject to the minimum and maximum reporting requirements as described above.

**Individuals incorporated as a corporation (with no employees):** For individual corporate officers electing coverage, the reportable wages are subject to a minimum and maximum, which is based on the SAWW calculated annually by the Ohio Department of Job and Family Services. The minimum payroll reporting limit will be 50 percent of the SAWW and the maximum payroll reporting limit will be 150 percent of the SAWW. Officers of a corporation who earn between the minimum and maximum will report their actual W-2 wages. For S-corporations, officers must report wages for services they perform. This may include W-2 wages as well as all or part of ordinary income from Schedule K-1 up to the maximum.

**Note:** Visit BWC's Web site (choose: Ohio Employers; Payroll reporting information under Financial Info heading), or call BWC to obtain the minimum and maximum payroll reporting requirement amounts applicable for each payroll reporting period.

**Owners/officers/ministers information (does not apply to domestic household employers)**

You must provide name, home address, Social Security number and title (attach additional sheets, if necessary). Additionally, individuals that qualify for elective coverage must indicate whether or not they wish to elect coverage for themselves.

Religious organizations must list the ordained or associate ministers they elect to cover under the religious organization's policy in this section.

**Operations description (does not apply to domestic household employers)**

A complete description of your business is necessary to classify your operations. If you supply inadequate information, BWC could misclassify your policy. To prevent this from occurring, BWC asks that you supply in-depth information regarding your processes, the equipment used and any final product you may produce.

**Payroll by operation type (does not apply to domestic household employers)**

Provide the estimated eight-month payroll for each operation conducted by your employees as well as the number of employees you have under each operation.

**All applications require a signature. Please be sure to complete this area.**

**Coverage is not in effect until BWC receives the completed application and the \$10 minimum security deposit. BWC is unable to process incomplete applications.**

**Retain for your records**



Have questions? Need assistance? BWC is here to help! Call 1-800-OHIOBWC, and listen to the options to reach a customer service representative. You can dial the number nationwide, and in Canada and Mexico from 7:30 a.m. to 5:30 p.m. EST. Remember, you can access information and request services by visiting BWC's Web site at ohiobwc.com

BWC is unable to process incomplete applications. (\*Required)

General information - completed by all employer types
\*Legal business name or homeowner Trade name or doing business as name
\*Date one or more employees hired in Ohio \*Federal employer identification number or Social Security number
\*Primary physical (Ohio) location: If no Ohio location, provide your out-of-state location (Attach additional locations, if applicable)
Street (Do not use P.O. box) City State ZIP code
\*Location phone Location fax number
E-mail address Web site
\*Contact name \*Contact phone
Mailing address: If different from primary physical (Ohio) location
Street City State ZIP code
Contact name Contact phone

Business entity information
[ ] Domestic household (applies to domestic workers employed inside and outside your private residence)
Check the type of services your domestic household employees will perform within your residence.
[ ] Domestic inside and/or outside yard/ground maintenance [ ] Home improvement/Maintenance [ ] Construction (new/addition/roofing) on or in your home.
Eight-month payroll estimate \_\_\_\_\_
STOP! You have completed the application for domestic coverage. Please sign the application, and return this form to BWC along with your \$10 minimum security deposit.
\*Please check the one business entity type below that applies to you.
[ ] Sole proprietor [ ] Limited liability company acting as a sole proprietor [ ] Corporation
[ ] Partnership [ ] Limited liability company acting as a partnership [ ] Individual incorporated as a corporation
[ ] Limited partnership [ ] Limited liability company acting as a corporation [ ] Family farm corporation
Incorporation date Charter number State where incorporated

Business purchase/Associated policy information
\*Have there been other Ohio workers' compensation policies associated with this operation?
[ ] Yes [ ] No
\*Have any of the principals involved in this operation had workers' compensation coverage?
[ ] Yes [ ] No
If yes to either of the above questions, list the policy number(s) and/or business legal name below, use additional sheets if necessary.
List policy(s)# \_\_\_\_\_ Name \_\_\_\_\_
\*Did you acquire/purchase this business? [ ] Yes [ ] No \*Previous owner's name and BWC policy number \*Date you acquired/purchased business \*Did you acquire/purchase [ ] All or [ ] Part of business?
\*Do you have a purchase agreement? [ ] Yes [ ] No If yes, BWC may request a copy of the agreement. \*If you acquired or purchased a business, you must also complete the Notification of Acquisition/Merger or Purchase/Sale form (U-118).

### Out-of-state considerations

Are you an out-of-state (non-Ohio based) employer temporarily working within Ohio?  Yes  
 No

Are your employees covered under another workers' compensation policy issued for a state other than Ohio?  Yes If yes, provide the following information  
 No

Insurer name \_\_\_\_\_ Policy number \_\_\_\_\_

Was the contract of hire for your employees entered into (consummated): Select one  Exclusively in Ohio  Exclusively in a state other than Ohio  
 Combination of Ohio and in a state other than Ohio

### Elective coverage

See additional details in the business entity information and elective coverage sections for completing the application, which describe the reporting requirements for elective coverage.

Coverage on the owners or officers of a corporation and a limited liability company acting as a corporation (except for individuals incorporated as a corporation with no employees) is not voluntary.

However, coverage on certain owners or ministers is voluntary. Listed below are the categories of individuals that qualify for elective coverage.

- Sole proprietor
- Partnership
- Limited liability company acting as a sole proprietor
- Limited liability company acting as a partnership
- Family farm corporate officers
- Ordained or associate minister of a religious organization
- Individual incorporated as a corporation (with no employees)

\*If someone at your company meets the qualifications for elective coverage, do you wish to elect coverage?

Yes Important – Indicate which individuals you wish to cover in the owners/officers/ministers information section of this application. By electing coverage you are acknowledging your agreement to the minimum payroll reporting outlined in the instruction sheet.

No I understand I elected to NOT cover any individuals at my company that qualify for elective coverage. (Remember, if you choose not to cover yourself and you are injured at work, BWC will not provide coverage, and other insurance may not cover your work-related disability or medical bills.)

\*Initials: \_\_\_\_\_

### Owners/officers/ministers information – You must list all owners/officers, and any ministers you elect to cover under the religious organization's policy. (Attach additional sheets, if necessary.)

*Name #1 (last, first, middle)			*% Ownership
*Home address (street or PO Box)			
*City	*State	*ZIP code	
*Social Security number	*Title		
*For individuals that qualify, do you wish to elect coverage?			
<input type="checkbox"/> Yes I do wish to elect coverage for myself. <input type="checkbox"/> No I understand that BWC will not pay benefits for my work-related injury if I do not elect coverage.			
*Name #2 (last, first, middle)			*% Ownership
*Home address (street or PO Box)			
*City	*State	*ZIP code	
*Social Security number	*Title		
*For individuals that qualify, do you wish to elect coverage?			
<input type="checkbox"/> Yes I do wish to elect coverage for myself. <input type="checkbox"/> No I understand that BWC will not pay benefits for my work-related injury if I do not elect coverage.			
*Name #3 (last, first, middle)			*% Ownership
*Home address (street or PO Box)			
*City	*State	*ZIP code	
*Social Security number	*Title		
*For individuals that qualify, do you wish to elect coverage?			
<input type="checkbox"/> Yes I do wish to elect coverage for myself. <input type="checkbox"/> No I understand that BWC will not pay benefits for my work-related injury if I do not elect coverage.			
			*Total ownership %

## Operations description

\*Check all types that apply to your Ohio operations: (note: applicable to your Ohio operation only)

- Agriculture    Crop    Livestock    Dairy    Vegetable    Poultry    Orchard    Berry/vineyard    Other
- Extraction    Mining    Oil or gas    Quarry    Other
- Manufacturing    All types, including assembly or shop repair
- Construction    General contractor    Subcontractor    Permanent yard operations    Residential three stories and under  
 Apartments/condos    Commercial, industrial and dwellings more than three stories    Interior trim/cabinets  
 Type of material used    Steel    Concrete    Wood    Masonry    Ceramic    Paint  
 Other (describe) \_\_\_\_\_
- 
- Transportation    Owned goods    Non-owned goods    Ground    Air carrier    Water transport    Interstate carrier  
 Gen. Freight    Parcel    People    Appliance    Furniture    Oil    Gas  
 Distance    Local 200 miles or less    More than 200 miles
- Utility    Gas    Oil    Electric    Water    Sewer  
 Phone    Cable    Service/drop line    Trunk line    Other
- Commercial (merchandising)    Wholesale: Sales \_\_\_\_\_%    Retail: Sales \_\_\_\_\_%    Packaging    Drivers/delivery  
 Repair    Principal products sold \_\_\_\_\_    Other  
 Coffee or tea house (no cooking)    Beverages \_\_\_\_\_% of total sales    Food \_\_\_\_\_% of total sales
- Service    Restaurant – fast food    Restaurant – wait service (not counter)    Delivery  
 Alcohol \_\_\_\_\_% of receipts compared to total sales  
 Warehousing for others    Religious organization    Residential house cleaning    Commercial cleaning  
 Vacant residential cleaning    Domestic employees working in your home    Other
- High risk commercial/service    Explosive    Police/security    Fire/EMS    Atomic/nuclear    Other
- Office work/miscellaneous    Medical office    Attorney    Real estate agent    Property management    Professional employer organization (PEO)  
 Temp. agency    Consulting (Please explain under operation description.)    Other

\*Describe your primary services or products, including your methods of operations. Include raw and semi-finished materials used (attach additional documentation, if necessary). Note: It is important for you to provide as much information as possible for BWC to properly determine your correct classification.

---



---



---



---

\*Describe machinery, equipment and tools (attach additional documentation, if necessary).

---



---



---



---

\*If you do not have a primary physical Ohio location, provide an explanation for not having an Ohio location and/or reason you are applying for Ohio coverage:

---



---



---



---

**Payroll by operation type**

*List all types of operations that apply (attach additional sheets if necessary).	*For each operation type, estimate total number of employees.	*For each operation type, estimate total payroll for next eight months.
The following are in addition to the above: <b>Clerical</b> <input type="checkbox"/> Office personnel (no duties outside of the office, no counter service); <input type="checkbox"/> Telecommuter (clerical employees working from residence); <b>Traveling salespeople</b> (no handling, servicing or delivery); <b>Drivers</b> (truck or delivery); <b>Sole proprietors, partners or ministers</b> (if self-coverage is elected); <b>Elective coverage</b> (only if self-coverage is elected).		

**Certification – signature required**

Name (please print) \_\_\_\_\_

*By my signature, I certify I have the authority to execute this application, and that the facts set forth on this application are true and correct to the best of my knowledge and belief. I am aware that any person who does not secure or maintain workers' compensation coverage and pay all appropriate premiums in accordance with Ohio laws, or misrepresents, conceals facts, or makes false statements to obtain coverage may be subject to civil, criminal and/or administrative penalties.*

\*Employer signature \_\_\_\_\_ \*Date \_\_\_\_\_

**WARNING: Insurance is not in effect until BWC receives the application and the \$10 security deposit.  
 BWC will bill the balance of the security deposit.  
 BWC is unable to process incomplete applications.**

**You also may pay by check or money order.  
 Mail completed form and  
 \$10 security deposit to:  
 Ohio Bureau of Workers' Compensation  
 P.O. Box 15698  
 Columbus, OH 43215-0698**

**Credit card payment information**

VISA®    MasterCard®    American Express®





Credit card account no.															
Amount paid												Expiration date			
Signature												Date			
Print name as it appears on credit card.															

**BWC USE ONLY**

Policy number	Application number	Effective date	Payment type	Payment amount	Date received	Initials
			<input type="checkbox"/> Cash <input type="checkbox"/> Check <input type="checkbox"/> Charge			

**APPENDIX D**

***INCOME TAX AND COMMERCIAL  
ACTIVITY TAX***

**SCHEDULE C  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Profit or Loss From Business  
(Sole Proprietorship)**

► For information on Schedule C and its instructions, go to [www.irs.gov/schedulec](http://www.irs.gov/schedulec).  
► Attach to Form 1040, 1040NR, or 1041; partnerships generally must file Form 1065.

OMB No. 1545-0074

**2013**  
Attachment  
Sequence No. **09**

Name of proprietor	Social security number (SSN)										
<b>A</b> Principal business or profession, including product or service (see instructions)	<b>B</b> Enter code from instructions <table border="1" style="width:100%; height: 20px;"> <tr> <td style="width:10%; text-align: center;">▶</td> <td style="width:10%;"></td> </tr> </table>	▶									
▶											
<b>C</b> Business name. If no separate business name, leave blank.	<b>D</b> Employer ID number (EIN), (see instr.) <table border="1" style="width:100%; height: 20px;"> <tr> <td style="width:10%;"></td> </tr> </table>										
<b>E</b> Business address (including suite or room no.) ▶ City, town or post office, state, and ZIP code											
<b>F</b> Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify) ▶											
<b>G</b> Did you "materially participate" in the operation of this business during 2013? If "No," see instructions for limit on losses . . . <input type="checkbox"/> Yes <input type="checkbox"/> No											
<b>H</b> If you started or acquired this business during 2013, check here . . . <input type="checkbox"/>											
<b>I</b> Did you make any payments in 2013 that would require you to file Form(s) 1099? (see instructions) . . . <input type="checkbox"/> Yes <input type="checkbox"/> No											
<b>J</b> If "Yes," did you or will you file required Forms 1099? . . . <input type="checkbox"/> Yes <input type="checkbox"/> No											

**Part I Income**

<b>1</b> Gross receipts or sales. See instructions for line 1 and check the box if this income was reported to you on Form W-2 and the "Statutory employee" box on that form was checked . . . <input type="checkbox"/>	<b>1</b>		
<b>2</b> Returns and allowances . . . . .	<b>2</b>		
<b>3</b> Subtract line 2 from line 1 . . . . .	<b>3</b>		
<b>4</b> Cost of goods sold (from line 42) . . . . .	<b>4</b>		
<b>5</b> <b>Gross profit.</b> Subtract line 4 from line 3 . . . . .	<b>5</b>		
<b>6</b> Other income, including federal and state gasoline or fuel tax credit or refund (see instructions) . . . . .	<b>6</b>		
<b>7</b> <b>Gross income.</b> Add lines 5 and 6 . . . . . ▶	<b>7</b>		

**Part II Expenses**

**Enter expenses for business use of your home only on line 30.**

<b>8</b> Advertising . . . . .	<b>8</b>			<b>18</b> Office expense (see instructions)	<b>18</b>		
<b>9</b> Car and truck expenses (see instructions). . . . .	<b>9</b>			<b>19</b> Pension and profit-sharing plans . . . . .	<b>19</b>		
<b>10</b> Commissions and fees . . . . .	<b>10</b>			<b>20</b> Rent or lease (see instructions):	<b>20</b>		
<b>11</b> Contract labor (see instructions)	<b>11</b>			<b>a</b> Vehicles, machinery, and equipment	<b>20a</b>		
<b>12</b> Depletion . . . . .	<b>12</b>			<b>b</b> Other business property . . . . .	<b>20b</b>		
<b>13</b> Depreciation and section 179 expense deduction (not included in Part III) (see instructions). . . . .	<b>13</b>			<b>21</b> Repairs and maintenance . . . . .	<b>21</b>		
<b>14</b> Employee benefit programs (other than on line 19) . . . . .	<b>14</b>			<b>22</b> Supplies (not included in Part III) . . . . .	<b>22</b>		
<b>15</b> Insurance (other than health)	<b>15</b>			<b>23</b> Taxes and licenses . . . . .	<b>23</b>		
<b>16</b> Interest:				<b>24</b> Travel, meals, and entertainment:			
<b>a</b> Mortgage (paid to banks, etc.)	<b>16a</b>			<b>a</b> Travel . . . . .	<b>24a</b>		
<b>b</b> Other . . . . .	<b>16b</b>			<b>b</b> Deductible meals and entertainment (see instructions) . . . . .	<b>24b</b>		
<b>17</b> Legal and professional services	<b>17</b>			<b>25</b> Utilities . . . . .	<b>25</b>		
<b>28</b> <b>Total expenses</b> before expenses for business use of home. Add lines 8 through 27a . . . . . ▶	<b>28</b>			<b>26</b> Wages (less employment credits) . . . . .	<b>26</b>		
<b>29</b> Tentative profit or (loss). Subtract line 28 from line 7 . . . . .	<b>29</b>			<b>27a</b> Other expenses (from line 48) . . . . .	<b>27a</b>		
<b>30</b> Expenses for business use of your home. Do not report these expenses elsewhere. Attach Form 8829 unless using the simplified method (see instructions). <b>Simplified method filers only:</b> enter the total square footage of: (a) your home: _____ and (b) the part of your home used for business: _____. Use the Simplified Method Worksheet in the instructions to figure the amount to enter on line 30 . . . . .	<b>30</b>			<b>27b</b> <b>Reserved for future use</b> . . . . .	<b>27b</b>		
<b>31</b> <b>Net profit or (loss).</b> Subtract line 30 from line 29. <ul style="list-style-type: none"> <li>• If a profit, enter on both <b>Form 1040, line 12</b> (or <b>Form 1040NR, line 13</b>) and on <b>Schedule SE, line 2</b>. (If you checked the box on line 1, see instructions). Estates and trusts, enter on <b>Form 1041, line 3</b>.</li> <li>• If a loss, you <b>must</b> go to line 32.</li> </ul>	<b>31</b>						
<b>32</b> If you have a loss, check the box that describes your investment in this activity (see instructions). <ul style="list-style-type: none"> <li>• If you checked 32a, enter the loss on both <b>Form 1040, line 12</b>, (or <b>Form 1040NR, line 13</b>) and on <b>Schedule SE, line 2</b>. (If you checked the box on line 1, see the line 31 instructions). Estates and trusts, enter on <b>Form 1041, line 3</b>.</li> <li>• If you checked 32b, you <b>must</b> attach <b>Form 6198</b>. Your loss may be limited.</li> </ul>							
				<b>32a</b> <input type="checkbox"/> All investment is at risk.			
				<b>32b</b> <input type="checkbox"/> Some investment is not at risk.			



## **Certain Cash Contributions for Typhoon Haiyan Relief Efforts in the Philippines Can Be Deducted on Your 2013 Tax Return**

A new law allows you to choose to deduct certain charitable contributions of money on your 2013 tax return instead of your 2014 return. The contributions must have been made after March 25, 2014, and before April 15, 2014, for the relief of victims in the Republic of the Philippines affected by the November 8, 2013, typhoon. Contributions of money include contributions made by cash, check, money order, credit card, charge card, debit card, or via cell phone.

The new law was enacted after the 2013 forms, instructions, and publications had already been printed. When preparing your 2013 tax return, you may complete the forms as if these contributions were made on December 31, 2013, instead of in 2014.

The contribution must be made to a qualified organization and meet all other requirements for charitable contribution deductions. However, if you made the contribution by phone or text message, a telephone bill showing the name of the donee organization, the date of the contribution, and the amount of the contribution will satisfy the recordkeeping requirement. Therefore, for example, if you made a \$10 charitable contribution by text message that was charged to your telephone or wireless account, a bill from your telecommunications company containing this information satisfies the recordkeeping requirement.

**U.S. Return of Partnership Income**

For calendar year 2013, or tax year beginning , 2013, ending , 20  
 ▶ Information about Form 1065 and its separate instructions is at [www.irs.gov/form1065](http://www.irs.gov/form1065).

**2013**

<b>A</b> Principal business activity	<b>Type or Print</b>	Name of partnership	<b>D</b> Employer identification number
<b>B</b> Principal product or service		Number, street, and room or suite no. If a P.O. box, see the instructions.	<b>E</b> Date business started
<b>C</b> Business code number		City or town, state or province, country, and ZIP or foreign postal code	<b>F</b> Total assets (see the instructions) \$

- G** Check applicable boxes: (1)  Initial return (2)  Final return (3)  Name change (4)  Address change (5)  Amended return  
 (6)  Technical termination - also check (1) or (2)
- H** Check accounting method: (1)  Cash (2)  Accrual (3)  Other (specify) ▶
- I** Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year ▶
- J** Check if Schedules C and M-3 are attached

**Caution.** Include **only** trade or business income and expenses on lines 1a through 22 below. See the instructions for more information.

<b>Income</b>	<b>1a</b>	Gross receipts or sales . . . . .	<b>1a</b>		
	<b>b</b>	Returns and allowances . . . . .	<b>1b</b>		
	<b>c</b>	Balance. Subtract line 1b from line 1a . . . . .			<b>1c</b>
	<b>2</b>	Cost of goods sold (attach Form 1125-A) . . . . .			<b>2</b>
	<b>3</b>	Gross profit. Subtract line 2 from line 1c . . . . .			<b>3</b>
	<b>4</b>	Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . .			<b>4</b>
	<b>5</b>	Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .			<b>5</b>
	<b>6</b>	Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .			<b>6</b>
<b>Deductions</b> <small>(see the instructions for limitations)</small>	<b>7</b>	Other income (loss) (attach statement) . . . . .			<b>7</b>
	<b>8</b>	<b>Total income (loss).</b> Combine lines 3 through 7 . . . . .			<b>8</b>
	<b>9</b>	Salaries and wages (other than to partners) (less employment credits) . . . . .			<b>9</b>
	<b>10</b>	Guaranteed payments to partners . . . . .			<b>10</b>
	<b>11</b>	Repairs and maintenance . . . . .			<b>11</b>
	<b>12</b>	Bad debts . . . . .			<b>12</b>
	<b>13</b>	Rent . . . . .			<b>13</b>
	<b>14</b>	Taxes and licenses . . . . .			<b>14</b>
	<b>15</b>	Interest . . . . .			<b>15</b>
	<b>16a</b>	Depreciation (if required, attach Form 4562) . . . . .	<b>16a</b>		
	<b>b</b>	Less depreciation reported on Form 1125-A and elsewhere on return . . . . .	<b>16b</b>		<b>16c</b>
	<b>17</b>	Depletion ( <b>Do not deduct oil and gas depletion.</b> ) . . . . .			<b>17</b>
	<b>18</b>	Retirement plans, etc. . . . .			<b>18</b>
	<b>19</b>	Employee benefit programs . . . . .			<b>19</b>
<b>20</b>	Other deductions (attach statement) . . . . .			<b>20</b>	
<b>21</b>	<b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 20 . . . . .			<b>21</b>	
<b>22</b>	<b>Ordinary business income (loss).</b> Subtract line 21 from line 8 . . . . .			<b>22</b>	

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than general partner or limited liability company member manager) is based on all information of which preparer has any knowledge.

▶ \_\_\_\_\_ ▶  
 Signature of general partner or limited liability company member manager Date

May the IRS discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>
--

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no.

**Schedule B Other Information**

<b>1</b>	What type of entity is filing this return? Check the applicable box:	<b>Yes</b>	<b>No</b>
<b>a</b>	<input type="checkbox"/> Domestic general partnership		
<b>b</b>	<input type="checkbox"/> Domestic limited partnership		
<b>c</b>	<input type="checkbox"/> Domestic limited liability company		
<b>d</b>	<input type="checkbox"/> Domestic limited liability partnership		
<b>e</b>	<input type="checkbox"/> Foreign partnership		
<b>f</b>	<input type="checkbox"/> Other ▶		

<b>2</b>	At any time during the tax year, was any partner in the partnership a disregarded entity, a partnership (including an entity treated as a partnership), a trust, an S corporation, an estate (other than an estate of a deceased partner), or a nominee or similar person?		
----------	--	--	--

<b>3</b>	At the end of the tax year:		
<b>a</b>	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		
<b>b</b>	Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership		

<b>4</b>	At the end of the tax year, did the partnership:		
<b>a</b>	Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below		

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

<b>b</b>	Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below		
----------	---	--	--

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Maximum Percentage Owned in Profit, Loss, or Capital

<b>5</b>	Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year? See Form 8893 for more details	<b>Yes</b>	<b>No</b>
----------	--	------------	-----------

<b>6</b>	Does the partnership satisfy <b>all four</b> of the following conditions?		
<b>a</b>	The partnership's total receipts for the tax year were less than \$250,000.		
<b>b</b>	The partnership's total assets at the end of the tax year were less than \$1 million.		
<b>c</b>	Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.		
<b>d</b>	The partnership is not filing and is not required to file Schedule M-3 If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; Item F on page 1 of Form 1065; or Item L on Schedule K-1.		

<b>7</b>	Is this partnership a publicly traded partnership as defined in section 469(k)(2)?		
----------	--	--	--

<b>8</b>	During the tax year, did the partnership have any debt that was cancelled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt?		
----------	--	--	--

<b>9</b>	Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction?		
----------	--	--	--

<b>10</b>	At any time during calendar year 2013, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) (formerly TD F 90-22.1). If "Yes," enter the name of the foreign country. ▶		
-----------	--	--	--

**Schedule B Other Information (continued)**

	Yes	No
<b>11</b> At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions . . . . .		
<b>12a</b> Is the partnership making, or had it previously made (and not revoked), a section 754 election? . . . . . See instructions for details regarding a section 754 election.		
<b>b</b> Did the partnership make for this tax year an optional basis adjustment under section 743(b) or 734(b)? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .		
<b>c</b> Is the partnership required to adjust the basis of partnership assets under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," attach a statement showing the computation and allocation of the basis adjustment. See instructions		
<b>13</b> Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly-owned by the partnership throughout the tax year) . . . . . <input type="checkbox"/>		
<b>14</b> At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property? . . . . .		
<b>15</b> If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities, enter the number of Forms 8858 attached. See instructions ▶		
<b>16</b> Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership. ▶		
<b>17</b> Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return. ▶		
<b>18a</b> Did you make any payments in 2013 that would require you to file Form(s) 1099? See instructions . . . . .		
<b>b</b> If "Yes," did you or will you file required Form(s) 1099? . . . . .		
<b>19</b> Enter the number of Form(s) 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return. ▶		
<b>20</b> Enter the number of partners that are foreign governments under section 892. ▶		

**Designation of Tax Matters Partner** (see instructions)

Enter below the general partner or member-manager designated as the tax matters partner (TMP) for the tax year of this return:

Name of designated TMP ▶	Identifying number of TMP ▶
If the TMP is an entity, name of TMP representative ▶	Phone number of TMP ▶
Address of designated TMP ▶	

<b>Schedule K</b>		<b>Partners' Distributive Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b>	Ordinary business income (loss) (page 1, line 22)		<b>1</b>	
	<b>2</b>	Net rental real estate income (loss) (attach Form 8825)		<b>2</b>	
	<b>3a</b>	Other gross rental income (loss)	<b>3a</b>		
	<b>b</b>	Expenses from other rental activities (attach statement)	<b>3b</b>		
	<b>c</b>	Other net rental income (loss). Subtract line 3b from line 3a		<b>3c</b>	
	<b>4</b>	Guaranteed payments		<b>4</b>	
	<b>5</b>	Interest income		<b>5</b>	
	<b>6</b>	Dividends:		<b>6a</b>	
		<b>a</b> Ordinary dividends			
		<b>b</b> Qualified dividends	<b>6b</b>		
		<b>7</b> Royalties		<b>7</b>	
	<b>8</b> Net short-term capital gain (loss) (attach Schedule D (Form 1065))		<b>8</b>		
	<b>9a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1065))		<b>9a</b>		
	<b>b</b> Collectibles (28%) gain (loss)	<b>9b</b>			
	<b>c</b> Unrecaptured section 1250 gain (attach statement)	<b>9c</b>			
	<b>10</b> Net section 1231 gain (loss) (attach Form 4797)		<b>10</b>		
	<b>11</b> Other income (loss) (see instructions) Type ▶		<b>11</b>		
<b>Deductions</b>	<b>12</b>	Section 179 deduction (attach Form 4562)		<b>12</b>	
	<b>13a</b>	Contributions		<b>13a</b>	
	<b>b</b>	Investment interest expense		<b>13b</b>	
	<b>c</b>	Section 59(e)(2) expenditures: (1) Type ▶ (2) Amount ▶		<b>13c(2)</b>	
	<b>d</b> Other deductions (see instructions) Type ▶		<b>13d</b>		
<b>Self-Employment</b>	<b>14a</b>	Net earnings (loss) from self-employment		<b>14a</b>	
	<b>b</b>	Gross farming or fishing income		<b>14b</b>	
	<b>c</b>	Gross nonfarm income		<b>14c</b>	
<b>Credits</b>	<b>15a</b>	Low-income housing credit (section 42(j)(5))		<b>15a</b>	
	<b>b</b>	Low-income housing credit (other)		<b>15b</b>	
	<b>c</b>	Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)		<b>15c</b>	
	<b>d</b>	Other rental real estate credits (see instructions) Type ▶		<b>15d</b>	
	<b>e</b>	Other rental credits (see instructions) Type ▶		<b>15e</b>	
	<b>f</b>	Other credits (see instructions) Type ▶		<b>15f</b>	
<b>Foreign Transactions</b>	<b>16a</b>	Name of country or U.S. possession ▶		<b>16b</b>	
	<b>b</b>	Gross income from all sources		<b>16b</b>	
	<b>c</b>	Gross income sourced at partner level		<b>16c</b>	
		Foreign gross income sourced at partnership level			
	<b>d</b>	Passive category ▶	<b>e</b> General category ▶	<b>f</b> Other ▶	<b>16f</b>
		Deductions allocated and apportioned at partner level			
	<b>g</b>	Interest expense ▶	<b>h</b> Other ▶		<b>16h</b>
		Deductions allocated and apportioned at partnership level to foreign source income			
	<b>i</b>	Passive category ▶	<b>j</b> General category ▶	<b>k</b> Other ▶	<b>16k</b>
	<b>l</b>	Total foreign taxes (check one): ▶ Paid <input type="checkbox"/> Accrued <input type="checkbox"/>			<b>16l</b>
<b>m</b>	Reduction in taxes available for credit (attach statement)			<b>16m</b>	
<b>n</b>	Other foreign tax information (attach statement)				
<b>Alternative Minimum Tax (AMT) Items</b>	<b>17a</b>	Post-1986 depreciation adjustment		<b>17a</b>	
	<b>b</b>	Adjusted gain or loss		<b>17b</b>	
	<b>c</b>	Depletion (other than oil and gas)		<b>17c</b>	
	<b>d</b>	Oil, gas, and geothermal properties—gross income		<b>17d</b>	
	<b>e</b>	Oil, gas, and geothermal properties—deductions		<b>17e</b>	
	<b>f</b>	Other AMT items (attach statement)		<b>17f</b>	
<b>Other Information</b>	<b>18a</b>	Tax-exempt interest income		<b>18a</b>	
	<b>b</b>	Other tax-exempt income		<b>18b</b>	
	<b>c</b>	Nondeductible expenses		<b>18c</b>	
	<b>19a</b>	Distributions of cash and marketable securities		<b>19a</b>	
	<b>b</b>	Distributions of other property		<b>19b</b>	
	<b>20a</b>	Investment income		<b>20a</b>	
	<b>b</b>	Investment expenses		<b>20b</b>	
	<b>c</b> Other items and amounts (attach statement)				

**Analysis of Net Income (Loss)**

<b>1</b>	Net income (loss). Combine Schedule K, lines 1 through 11. From the result, subtract the sum of Schedule K, lines 12 through 13d, and 16l					<b>1</b>	
<b>2</b>	Analysis by partner type:						
	<b>(i) Corporate</b>	<b>(ii) Individual (active)</b>	<b>(iii) Individual (passive)</b>	<b>(iv) Partnership</b>	<b>(v) Exempt Organization</b>	<b>(vi) Nominee/Other</b>	
<b>a</b>	General partners						
<b>b</b>	Limited partners						

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>1</b>	Cash				
<b>2a</b>	Trade notes and accounts receivable				
<b>b</b>	Less allowance for bad debts				
<b>3</b>	Inventories				
<b>4</b>	U.S. government obligations				
<b>5</b>	Tax-exempt securities				
<b>6</b>	Other current assets (attach statement)				
<b>7a</b>	Loans to partners (or persons related to partners)				
<b>b</b>	Mortgage and real estate loans				
<b>8</b>	Other investments (attach statement)				
<b>9a</b>	Buildings and other depreciable assets				
<b>b</b>	Less accumulated depreciation				
<b>10a</b>	Depletable assets				
<b>b</b>	Less accumulated depletion				
<b>11</b>	Land (net of any amortization)				
<b>12a</b>	Intangible assets (amortizable only)				
<b>b</b>	Less accumulated amortization				
<b>13</b>	Other assets (attach statement)				
<b>14</b>	<b>Total assets</b>				
<b>Liabilities and Capital</b>					
<b>15</b>	Accounts payable				
<b>16</b>	Mortgages, notes, bonds payable in less than 1 year				
<b>17</b>	Other current liabilities (attach statement)				
<b>18</b>	All nonrecourse loans				
<b>19a</b>	Loans from partners (or persons related to partners)				
<b>b</b>	Mortgages, notes, bonds payable in 1 year or more				
<b>20</b>	Other liabilities (attach statement)				
<b>21</b>	Partners' capital accounts				
<b>22</b>	<b>Total liabilities and capital</b>				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**  
**Note.** Schedule M-3 may be required instead of Schedule M-1 (see instructions).

<b>1</b>	Net income (loss) per books		<b>6</b>	Income recorded on books this year not included on Schedule K, lines 1 through 11 (itemize):	
<b>2</b>	Income included on Schedule K, lines 1, 2, 3c, 5, 6a, 7, 8, 9a, 10, and 11, not recorded on books this year (itemize):		<b>a</b>	Tax-exempt interest \$	
<b>3</b>	Guaranteed payments (other than health insurance)		<b>7</b>	Deductions included on Schedule K, lines 1 through 13d, and 16l, not charged against book income this year (itemize):	
<b>4</b>	Expenses recorded on books this year not included on Schedule K, lines 1 through 13d, and 16l (itemize):		<b>a</b>	Depreciation \$	
<b>a</b>	Depreciation \$		<b>8</b>	Add lines 6 and 7	
<b>b</b>	Travel and entertainment \$		<b>9</b>	Income (loss) (Analysis of Net Income (Loss), line 1). Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

**Schedule M-2 Analysis of Partners' Capital Accounts**

<b>1</b>	Balance at beginning of year		<b>6</b>	Distributions: <b>a</b> Cash	
<b>2</b>	Capital contributed: <b>a</b> Cash		<b>b</b> Property		
	<b>b</b> Property		<b>7</b>	Other decreases (itemize):	
<b>3</b>	Net income (loss) per books		<b>8</b>	Add lines 6 and 7	
<b>4</b>	Other increases (itemize):		<b>9</b>	Balance at end of year. Subtract line 8 from line 5	
<b>5</b>	Add lines 1 through 4				

Form 1120

Department of the Treasury Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 2013 or tax year beginning

, 2013, ending

, 20

OMB No. 1545-0123

2013

Information about Form 1120 and its separate instructions is at www.irs.gov/form1120.

Header section with checkboxes for consolidated return, life/nonlife consolidated return, personal holding co., personal service corp., and schedule M-3 attached. Includes fields for Name, Employer identification number, Date incorporated, Total assets, and E Check if: (1) Initial return, (2) Final return, (3) Name change, (4) Address change.

Income section table with rows 1a-11. Includes categories like Gross receipts or sales, Returns and allowances, Cost of goods sold, Dividends, Interest, Gross rents, Gross royalties, Capital gain net income, Net gain or (loss) from Form 4797, and Other income. Total income line 11.

Deductions section table with rows 12-29c. Includes categories like Compensation of officers, Salaries and wages, Repairs and maintenance, Bad debts, Rents, Taxes and licenses, Interest, Charitable contributions, Depreciation, Depletion, Advertising, Pension, profit-sharing, etc., plans, Employee benefit programs, Domestic production activities deduction, and Other deductions. Total deductions line 27. Taxable income before net operating loss deduction line 28. Net operating loss deduction line 29a. Special deductions line 29b. Add lines 29a and 29b line 29c.

Tax, Refundable Credits, and Payments section table with rows 30-36. Includes Taxable income, Total tax, Total payments and refundable credits, Estimated tax penalty, Amount owed, Overpayment, and Enter amount from line 35 you want: Credited to 2014 estimated tax and Refunded.

Sign Here section with declaration: Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Includes fields for Signature of officer, Date, Title, and a box for May the IRS discuss this return with the preparer shown below (see instructions)? Yes No.

Paid Preparer Use Only section with fields for Print/Type preparer's name, Preparer's signature, Date, Check if self-employed, PTIN, Firm's name, Firm's EIN, Firm's address, and Phone no.

<b>Schedule C Dividends and Special Deductions</b> (see instructions)		(a) Dividends received	(b) %	(c) Special deductions (a) × (b)
1	Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)		70	
2	Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)		80	
3	Dividends on debt-financed stock of domestic and foreign corporations		see instructions	
4	Dividends on certain preferred stock of less-than-20%-owned public utilities		42	
5	Dividends on certain preferred stock of 20%-or-more-owned public utilities		48	
6	Dividends from less-than-20%-owned foreign corporations and certain FSCs		70	
7	Dividends from 20%-or-more-owned foreign corporations and certain FSCs		80	
8	Dividends from wholly owned foreign subsidiaries		100	
9	<b>Total.</b> Add lines 1 through 8. See instructions for limitation			
10	Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958		100	
11	Dividends from affiliated group members		100	
12	Dividends from certain FSCs		100	
13	Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12			
14	Income from controlled foreign corporations under subpart F (attach Form(s) 5471)			
15	Foreign dividend gross-up			
16	IC-DISC and former DISC dividends not included on lines 1, 2, or 3			
17	Other dividends			
18	Deduction for dividends paid on certain preferred stock of public utilities			
19	<b>Total dividends.</b> Add lines 1 through 17. Enter here and on page 1, line 4			
20	<b>Total special deductions.</b> Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b			

**Schedule J Tax Computation and Payment** (see instructions)

**Part I—Tax Computation**

<b>1</b>	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120)) . . . . .	<input type="checkbox"/>		
<b>2</b>	Income tax. Check if a qualified personal service corporation (see instructions) . . . . .	<input type="checkbox"/>	<b>2</b>	
<b>3</b>	Alternative minimum tax (attach Form 4626) . . . . .		<b>3</b>	
<b>4</b>	Add lines 2 and 3 . . . . .		<b>4</b>	
<b>5a</b>	Foreign tax credit (attach Form 1118) . . . . .		<b>5a</b>	
<b>b</b>	Credit from Form 8834 (see instructions) . . . . .		<b>5b</b>	
<b>c</b>	General business credit (attach Form 3800) . . . . .		<b>5c</b>	
<b>d</b>	Credit for prior year minimum tax (attach Form 8827) . . . . .		<b>5d</b>	
<b>e</b>	Bond credits from Form 8912 . . . . .		<b>5e</b>	
<b>6</b>	<b>Total credits.</b> Add lines 5a through 5e . . . . .		<b>6</b>	
<b>7</b>	Subtract line 6 from line 4 . . . . .		<b>7</b>	
<b>8</b>	Personal holding company tax (attach Schedule PH (Form 1120)) . . . . .		<b>8</b>	
<b>9a</b>	Recapture of investment credit (attach Form 4255) . . . . .		<b>9a</b>	
<b>b</b>	Recapture of low-income housing credit (attach Form 8611) . . . . .		<b>9b</b>	
<b>c</b>	Interest due under the look-back method—completed long-term contracts (attach Form 8697) . . . . .		<b>9c</b>	
<b>d</b>	Interest due under the look-back method—income forecast method (attach Form 8866) . . . . .		<b>9d</b>	
<b>e</b>	Alternative tax on qualifying shipping activities (attach Form 8902) . . . . .		<b>9e</b>	
<b>f</b>	Other (see instructions—attach statement) . . . . .		<b>9f</b>	
<b>10</b>	<b>Total.</b> Add lines 9a through 9f . . . . .		<b>10</b>	
<b>11</b>	<b>Total tax.</b> Add lines 7, 8, and 10. Enter here and on page 1, line 31 . . . . .		<b>11</b>	

**Part II—Payments and Refundable Credits**

<b>12</b>	2012 overpayment credited to 2013 . . . . .		<b>12</b>	
<b>13</b>	2013 estimated tax payments . . . . .		<b>13</b>	
<b>14</b>	2013 refund applied for on Form 4466 . . . . .		<b>14</b>	( )
<b>15</b>	Combine lines 12, 13, and 14 . . . . .		<b>15</b>	
<b>16</b>	Tax deposited with Form 7004 . . . . .		<b>16</b>	
<b>17</b>	Withholding (see instructions) . . . . .		<b>17</b>	
<b>18</b>	<b>Total payments.</b> Add lines 15, 16, and 17. . . . .		<b>18</b>	
<b>19</b>	Refundable credits from:			
<b>a</b>	Form 2439 . . . . .		<b>19a</b>	
<b>b</b>	Form 4136 . . . . .		<b>19b</b>	
<b>c</b>	Form 8827, line 8c . . . . .		<b>19c</b>	
<b>d</b>	Other (attach statement—see instructions). . . . .		<b>19d</b>	
<b>20</b>	<b>Total credits.</b> Add lines 19a through 19d . . . . .		<b>20</b>	
<b>21</b>	<b>Total payments and credits.</b> Add lines 18 and 20. Enter here and on page 1, line 32 . . . . .		<b>21</b>	

**Schedule K Other Information** (see instructions)

<b>1</b>	Check accounting method: <b>a</b> <input type="checkbox"/> Cash <b>b</b> <input type="checkbox"/> Accrual <b>c</b> <input type="checkbox"/> Other (specify) ▶			
<b>2</b>	See the instructions and enter the:			
<b>a</b>	Business activity code no. ▶			
<b>b</b>	Business activity ▶			
<b>c</b>	Product or service ▶			
<b>3</b>	Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . . . If "Yes," enter name and EIN of the parent corporation ▶			
<b>4</b>	At the end of the tax year:			
<b>a</b>	Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G) . . . . .			
<b>b</b>	Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G) . . . . .			

**Schedule K** Other Information *continued* (see instructions)

	Yes	No	
<b>5</b> At the end of the tax year, did the corporation:			
<b>a</b> Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on <b>Form 851</b> , Affiliations Schedule? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.			
(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock
<b>b</b> Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below.			
(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital
<b>6</b> During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316.) . . . . . If "Yes," file <b>Form 5452</b> , Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.			
<b>7</b> At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of <b>(a)</b> the total voting power of all classes of the corporation's stock entitled to vote or <b>(b)</b> the total value of all classes of the corporation's stock? . . . . . For rules of attribution, see section 318. If "Yes," enter: <b>(i)</b> Percentage owned ▶ and <b>(ii)</b> Owner's country ▶ <b>(c)</b> The corporation may have to file <b>Form 5472</b> , Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶			
<b>8</b> Check this box if the corporation issued publicly offered debt instruments with original issue discount . . . . . ▶ <input type="checkbox"/> If checked, the corporation may have to file <b>Form 8281</b> , Information Return for Publicly Offered Original Issue Discount Instruments.			
<b>9</b> Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$			
<b>10</b> Enter the number of shareholders at the end of the tax year (if 100 or fewer) ▶			
<b>11</b> If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here . . . . . ▶ <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.			
<b>12</b> Enter the available NOL carryover from prior tax years (do not reduce it by any deduction on line 29a.) ▶ \$			
<b>13</b> Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? . . . . . If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ▶ \$			
<b>14</b> Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement (see instructions)? . . . . . If "Yes," complete and attach Schedule UTP.			
<b>15a</b> Did the corporation make any payments in 2013 that would require it to file Form(s) 1099? . . . . .			
<b>b</b> If "Yes," did or will the corporation file required Forms 1099? . . . . .			
<b>16</b> During this tax year, did the corporation have an 80% or more change in ownership, including a change due to redemption of its own stock? . . . . .			
<b>17</b> During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? . . . . .			
<b>18</b> Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? . . . . .			

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
<b>Assets</b>					
<b>1</b>	Cash . . . . .				
<b>2a</b>	Trade notes and accounts receivable . . . . .				
<b>b</b>	Less allowance for bad debts . . . . .	( )		( )	
<b>3</b>	Inventories . . . . .				
<b>4</b>	U.S. government obligations . . . . .				
<b>5</b>	Tax-exempt securities (see instructions) . . . . .				
<b>6</b>	Other current assets (attach statement) . . . . .				
<b>7</b>	Loans to shareholders . . . . .				
<b>8</b>	Mortgage and real estate loans . . . . .				
<b>9</b>	Other investments (attach statement) . . . . .				
<b>10a</b>	Buildings and other depreciable assets . . . . .				
<b>b</b>	Less accumulated depreciation . . . . .	( )		( )	
<b>11a</b>	Depletable assets . . . . .				
<b>b</b>	Less accumulated depletion . . . . .	( )		( )	
<b>12</b>	Land (net of any amortization) . . . . .				
<b>13a</b>	Intangible assets (amortizable only) . . . . .				
<b>b</b>	Less accumulated amortization . . . . .	( )		( )	
<b>14</b>	Other assets (attach statement) . . . . .				
<b>15</b>	<b>Total assets</b> . . . . .				
<b>Liabilities and Shareholders' Equity</b>					
<b>16</b>	Accounts payable . . . . .				
<b>17</b>	Mortgages, notes, bonds payable in less than 1 year . . . . .				
<b>18</b>	Other current liabilities (attach statement) . . . . .				
<b>19</b>	Loans from shareholders . . . . .				
<b>20</b>	Mortgages, notes, bonds payable in 1 year or more . . . . .				
<b>21</b>	Other liabilities (attach statement) . . . . .				
<b>22</b>	Capital stock: <b>a</b> Preferred stock . . . . .				
	<b>b</b> Common stock . . . . .				
<b>23</b>	Additional paid-in capital . . . . .				
<b>24</b>	Retained earnings—Appropriated (attach statement) . . . . .				
<b>25</b>	Retained earnings—Unappropriated . . . . .				
<b>26</b>	Adjustments to shareholders' equity (attach statement) . . . . .				
<b>27</b>	Less cost of treasury stock . . . . .	( )		( )	
<b>28</b>	<b>Total liabilities and shareholders' equity</b> . . . . .				

<b>Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return</b>			
<b>Note:</b> Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions			
<b>1</b>	Net income (loss) per books . . . . .		<b>7</b> Income recorded on books this year not included on this return (itemize):
<b>2</b>	Federal income tax per books . . . . .		Tax-exempt interest \$
<b>3</b>	Excess of capital losses over capital gains . . . . .		
<b>4</b>	Income subject to tax not recorded on books this year (itemize):		
<b>5</b>	Expenses recorded on books this year not deducted on this return (itemize):		<b>8</b> Deductions on this return not charged against book income this year (itemize):
<b>a</b>	Depreciation . . . . . \$		<b>a</b> Depreciation . . . . . \$
<b>b</b>	Charitable contributions . . . . . \$		<b>b</b> Charitable contributions \$
<b>c</b>	Travel and entertainment . . . . . \$		
<b>6</b>	Add lines 1 through 5 . . . . .		<b>9</b> Add lines 7 and 8 . . . . .
			<b>10</b> Income (page 1, line 28)—line 6 less line 9

<b>Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)</b>			
<b>1</b>	Balance at beginning of year . . . . .		<b>5</b> Distributions: <b>a</b> Cash . . . . .
<b>2</b>	Net income (loss) per books . . . . .		<b>b</b> Stock . . . . .
<b>3</b>	Other increases (itemize):		<b>c</b> Property . . . . .
			<b>6</b> Other decreases (itemize):
			<b>7</b> Add lines 5 and 6 . . . . .
<b>4</b>	Add lines 1, 2, and 3 . . . . .		<b>8</b> Balance at end of year (line 4 less line 7)

**U.S. Income Tax Return for an S Corporation**

Department of the Treasury  
Internal Revenue Service

▶ Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.  
▶ Information about Form 1120S and its separate instructions is at [www.irs.gov/form1120s](http://www.irs.gov/form1120s).

**2013**

For calendar year 2013 or tax year beginning \_\_\_\_\_, 2013, ending \_\_\_\_\_, 20

<b>A</b> S election effective date	<b>TYPE OR PRINT</b>	Name	<b>D</b> Employer identification number
<b>B</b> Business activity code number (see instructions)		Number, street, and room or suite no. If a P.O. box, see instructions.	<b>E</b> Date incorporated
<b>C</b> Check if Sch. M-3 attached <input type="checkbox"/>		City or town, state or province, country, and ZIP or foreign postal code	<b>F</b> Total assets (see instructions) \$

**G** Is the corporation electing to be an S corporation beginning with this tax year?  Yes  No If "Yes," attach Form 2553 if not already filed

**H** Check if: (1)  Final return (2)  Name change (3)  Address change (4)  Amended return (5)  S election termination or revocation

**I** Enter the number of shareholders who were shareholders during any part of the tax year . . . . . ▶

**Caution.** Include **only** trade or business income and expenses on lines 1a through 21. See the instructions for more information.

<b>Income</b>	<b>1 a</b> Gross receipts or sales . . . . .	<b>1a</b>			
	<b>b</b> Returns and allowances . . . . .	<b>1b</b>			
	<b>c</b> Balance. Subtract line 1b from line 1a . . . . .				<b>1c</b>
	<b>2</b> Cost of goods sold (attach Form 1125-A) . . . . .				<b>2</b>
	<b>3</b> Gross profit. Subtract line 2 from line 1c . . . . .				<b>3</b>
	<b>4</b> Net gain (loss) from Form 4797, line 17 (attach Form 4797) . . . . .				<b>4</b>
<b>5</b> Other income (loss) (see instructions—attach statement) . . . . .				<b>5</b>	
<b>6</b> <b>Total income (loss).</b> Add lines 3 through 5 . . . . . ▶				<b>6</b>	
<b>Deductions</b> (see instructions for limitations)	<b>7</b> Compensation of officers (see instructions—attach Form 1125-E)				<b>7</b>
	<b>8</b> Salaries and wages (less employment credits)				<b>8</b>
	<b>9</b> Repairs and maintenance . . . . .				<b>9</b>
	<b>10</b> Bad debts . . . . .				<b>10</b>
	<b>11</b> Rents . . . . .				<b>11</b>
	<b>12</b> Taxes and licenses . . . . .				<b>12</b>
	<b>13</b> Interest . . . . .				<b>13</b>
	<b>14</b> Depreciation not claimed on Form 1125-A or elsewhere on return (attach Form 4562)				<b>14</b>
	<b>15</b> Depletion ( <b>Do not deduct oil and gas depletion.</b> ) . . . . .				<b>15</b>
	<b>16</b> Advertising . . . . .				<b>16</b>
	<b>17</b> Pension, profit-sharing, etc., plans . . . . .				<b>17</b>
	<b>18</b> Employee benefit programs . . . . .				<b>18</b>
	<b>19</b> Other deductions (attach statement) . . . . .				<b>19</b>
	<b>20</b> <b>Total deductions.</b> Add lines 7 through 19 . . . . . ▶				<b>20</b>
	<b>21</b> <b>Ordinary business income (loss).</b> Subtract line 20 from line 6 . . . . .				<b>21</b>
<b>Tax and Payments</b>	<b>22a</b> Excess net passive income or LIFO recapture tax (see instructions) . . . . .	<b>22a</b>			
	<b>b</b> Tax from Schedule D (Form 1120S) . . . . .	<b>22b</b>			
	<b>c</b> Add lines 22a and 22b (see instructions for additional taxes) . . . . .				<b>22c</b>
	<b>23a</b> 2013 estimated tax payments and 2012 overpayment credited to 2013 . . . . .	<b>23a</b>			
	<b>b</b> Tax deposited with Form 7004 . . . . .	<b>23b</b>			
	<b>c</b> Credit for federal tax paid on fuels (attach Form 4136) . . . . .	<b>23c</b>			
	<b>d</b> Add lines 23a through 23c . . . . .				<b>23d</b>
	<b>24</b> Estimated tax penalty (see instructions). Check if Form 2220 is attached . . . . . ▶ <input type="checkbox"/>				<b>24</b>
	<b>25</b> <b>Amount owed.</b> If line 23d is smaller than the total of lines 22c and 24, enter amount owed . . . . .				<b>25</b>
	<b>26</b> <b>Overpayment.</b> If line 23d is larger than the total of lines 22c and 24, enter amount overpaid . . . . .				<b>26</b>
<b>27</b> Enter amount from line 26 <b>Credited to 2014 estimated tax</b> ▶			<b>Refunded</b> ▶	<b>27</b>	

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer	Date	Title
----------------------	------	-------

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	



<b>Schedule K Shareholders' Pro Rata Share Items</b>		<b>Total amount</b>	
<b>Income (Loss)</b>	<b>1</b> Ordinary business income (loss) (page 1, line 21) . . . . .	<b>1</b>	
	<b>2</b> Net rental real estate income (loss) (attach Form 8825) . . . . .	<b>2</b>	
	<b>3a</b> Other gross rental income (loss) . . . . . <b>3a</b>		
	<b>b</b> Expenses from other rental activities (attach statement) . . . . . <b>3b</b>		
	<b>c</b> Other net rental income (loss). Subtract line 3b from line 3a . . . . .	<b>3c</b>	
	<b>4</b> Interest income . . . . .	<b>4</b>	
	<b>5</b> Dividends: <b>a</b> Ordinary dividends . . . . . <b>5a</b>		
	<b>b</b> Qualified dividends . . . . . <b>5b</b>		
	<b>6</b> Royalties . . . . .	<b>6</b>	
	<b>7</b> Net short-term capital gain (loss) (attach Schedule D (Form 1120S)) . . . . .	<b>7</b>	
<b>8a</b> Net long-term capital gain (loss) (attach Schedule D (Form 1120S)) . . . . .	<b>8a</b>		
<b>b</b> Collectibles (28%) gain (loss) . . . . . <b>8b</b>			
<b>c</b> Unrecaptured section 1250 gain (attach statement) . . . . . <b>8c</b>			
<b>9</b> Net section 1231 gain (loss) (attach Form 4797) . . . . .	<b>9</b>		
<b>10</b> Other income (loss) (see instructions) . . . Type ▶	<b>10</b>		
<b>Deductions</b>	<b>11</b> Section 179 deduction (attach Form 4562) . . . . .	<b>11</b>	
	<b>12a</b> Charitable contributions . . . . .	<b>12a</b>	
	<b>b</b> Investment interest expense . . . . .	<b>12b</b>	
	<b>c</b> Section 59(e)(2) expenditures <b>(1)</b> Type ▶ <b>(2)</b> Amount ▶	<b>12c(2)</b>	
<b>d</b> Other deductions (see instructions) . . . . . Type ▶	<b>12d</b>		
<b>Credits</b>	<b>13a</b> Low-income housing credit (section 42(j)(5)) . . . . .	<b>13a</b>	
	<b>b</b> Low-income housing credit (other) . . . . .	<b>13b</b>	
	<b>c</b> Qualified rehabilitation expenditures (rental real estate) (attach Form 3468) . . . . .	<b>13c</b>	
	<b>d</b> Other rental real estate credits (see instructions) Type ▶	<b>13d</b>	
	<b>e</b> Other rental credits (see instructions) . . . . . Type ▶	<b>13e</b>	
	<b>f</b> Biofuel producer credit (attach Form 6478) . . . . .	<b>13f</b>	
	<b>g</b> Other credits (see instructions) . . . . . Type ▶	<b>13g</b>	
<b>Foreign Transactions</b>	<b>14a</b> Name of country or U.S. possession ▶		
	<b>b</b> Gross income from all sources . . . . .	<b>14b</b>	
	<b>c</b> Gross income sourced at shareholder level Foreign gross income sourced at corporate level	<b>14c</b>	
	<b>d</b> Passive category . . . . .	<b>14d</b>	
	<b>e</b> General category . . . . .	<b>14e</b>	
	<b>f</b> Other (attach statement) Deductions allocated and apportioned at shareholder level	<b>14f</b>	
	<b>g</b> Interest expense . . . . .	<b>14g</b>	
	<b>h</b> Other . . . . . Deductions allocated and apportioned at corporate level to foreign source income	<b>14h</b>	
	<b>i</b> Passive category . . . . .	<b>14i</b>	
	<b>j</b> General category . . . . .	<b>14j</b>	
	<b>k</b> Other (attach statement) Other information	<b>14k</b>	
	<b>l</b> Total foreign taxes (check one): ▶ <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	<b>14l</b>	
	<b>m</b> Reduction in taxes available for credit (attach statement) . . . . .	<b>14m</b>	
	<b>n</b> Other foreign tax information (attach statement)		
<b>Alternative Minimum Tax (AMT) Items</b>	<b>15a</b> Post-1986 depreciation adjustment . . . . .	<b>15a</b>	
	<b>b</b> Adjusted gain or loss . . . . .	<b>15b</b>	
	<b>c</b> Depletion (other than oil and gas) . . . . .	<b>15c</b>	
	<b>d</b> Oil, gas, and geothermal properties—gross income . . . . .	<b>15d</b>	
	<b>e</b> Oil, gas, and geothermal properties—deductions . . . . .	<b>15e</b>	
	<b>f</b> Other AMT items (attach statement) . . . . .	<b>15f</b>	
<b>Items Affecting Shareholder Basis</b>	<b>16a</b> Tax-exempt interest income . . . . .	<b>16a</b>	
	<b>b</b> Other tax-exempt income . . . . .	<b>16b</b>	
	<b>c</b> Nondeductible expenses . . . . .	<b>16c</b>	
	<b>d</b> Distributions (attach statement if required) (see instructions)	<b>16d</b>	
	<b>e</b> Repayment of loans from shareholders . . . . .	<b>16e</b>	

<b>Schedule K Shareholders' Pro Rata Share Items (continued)</b>		<b>Total amount</b>	
<b>Other Information</b>	<b>17a</b> Investment income . . . . .	<b>17a</b>	
	<b>b</b> Investment expenses . . . . .	<b>17b</b>	
	<b>c</b> Dividend distributions paid from accumulated earnings and profits . . . . .	<b>17c</b>	
	<b>d</b> Other items and amounts (attach statement)		
<b>Reconciliation</b>	<b>18 Income/loss reconciliation.</b> Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	<b>18</b>	

<b>Schedule L Balance Sheets per Books</b>		Beginning of tax year		End of tax year	
<b>Assets</b>		<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
<b>1</b> Cash . . . . .					
<b>2a</b> Trade notes and accounts receivable . . . . .					
<b>b</b> Less allowance for bad debts . . . . .	( )		( )		
<b>3</b> Inventories . . . . .					
<b>4</b> U.S. government obligations . . . . .					
<b>5</b> Tax-exempt securities (see instructions) . . . . .					
<b>6</b> Other current assets (attach statement) . . . . .					
<b>7</b> Loans to shareholders . . . . .					
<b>8</b> Mortgage and real estate loans . . . . .					
<b>9</b> Other investments (attach statement) . . . . .					
<b>10a</b> Buildings and other depreciable assets . . . . .					
<b>b</b> Less accumulated depreciation . . . . .	( )		( )		
<b>11a</b> Depletable assets . . . . .					
<b>b</b> Less accumulated depletion . . . . .	( )		( )		
<b>12</b> Land (net of any amortization) . . . . .					
<b>13a</b> Intangible assets (amortizable only) . . . . .					
<b>b</b> Less accumulated amortization . . . . .	( )		( )		
<b>14</b> Other assets (attach statement) . . . . .					
<b>15</b> Total assets . . . . .					
<b>Liabilities and Shareholders' Equity</b>					
<b>16</b> Accounts payable . . . . .					
<b>17</b> Mortgages, notes, bonds payable in less than 1 year . . . . .					
<b>18</b> Other current liabilities (attach statement) . . . . .					
<b>19</b> Loans from shareholders . . . . .					
<b>20</b> Mortgages, notes, bonds payable in 1 year or more . . . . .					
<b>21</b> Other liabilities (attach statement) . . . . .					
<b>22</b> Capital stock . . . . .					
<b>23</b> Additional paid-in capital . . . . .					
<b>24</b> Retained earnings . . . . .					
<b>25</b> Adjustments to shareholders' equity (attach statement) . . . . .					
<b>26</b> Less cost of treasury stock . . . . .		( )		( )	
<b>27</b> Total liabilities and shareholders' equity . . . . .					

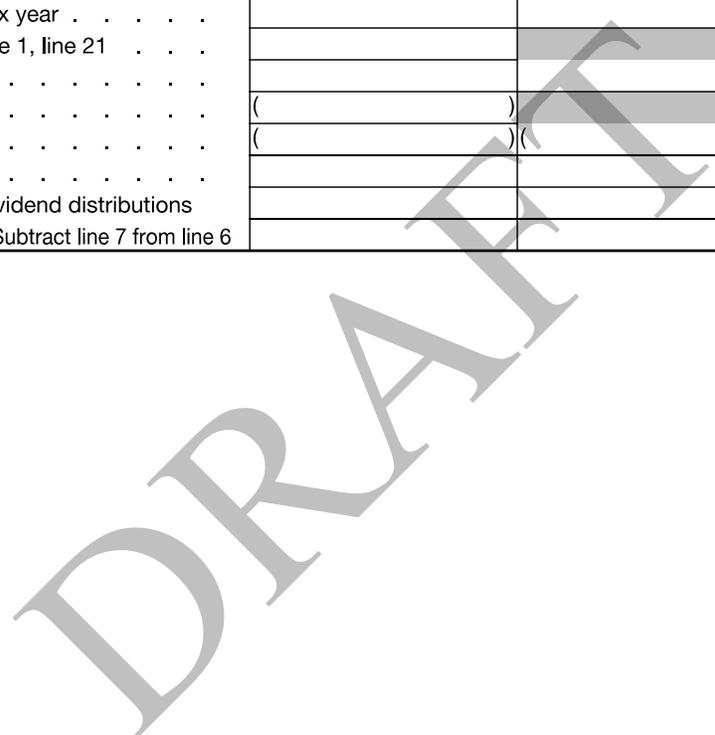
**Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return**

**Note.** Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

<p><b>1</b> Net income (loss) per books . . . . .</p> <p><b>2</b> Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize)</p> <p><b>3</b> Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):</p> <p style="padding-left: 20px;"><b>a</b> Depreciation \$</p> <p style="padding-left: 20px;"><b>b</b> Travel and entertainment \$</p> <p><b>4</b> Add lines 1 through 3 . . . . .</p>		<p><b>5</b> Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):</p> <p style="padding-left: 20px;"><b>a</b> Tax-exempt interest \$</p> <p><b>6</b> Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):</p> <p style="padding-left: 20px;"><b>a</b> Depreciation \$</p> <p><b>7</b> Add lines 5 and 6 . . . . .</p> <p><b>8</b> Income (loss) (Schedule K, line 18), Line 4 less line 7</p>	
---	--	---	--

**Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed** (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders' undistributed taxable income previously taxed
<b>1</b> Balance at beginning of tax year . . . . .			
<b>2</b> Ordinary income from page 1, line 21 . . . . .			
<b>3</b> Other additions . . . . .			
<b>4</b> Loss from page 1, line 21 . . . . .	( )		
<b>5</b> Other reductions . . . . .	( )	( )	
<b>6</b> Combine lines 1 through 5 . . . . .			
<b>7</b> Distributions other than dividend distributions			
<b>8</b> Balance at end of tax year. Subtract line 7 from line 6			





### Commercial Activity Tax Registration

Please complete in black or blue ink – do not use pencil.

Federal employer identification number
<input type="text"/>

Social security number (if no FEIN)
<input type="text"/>

For state use only
<input type="text"/>

1. Type of organization (check only one):
- Association/trust   
  C corporation   
  LLC  
 LLP   
  LTD (non-U.S.)   
  Partnership (other than LLP)   
  QSSS   
  S corporation  
 Single-member LLC   
 Sole proprietorship   
 Other (please describe) \_\_\_\_\_

If you selected anything other than sole proprietor, please complete Schedule A.

2. Are you a consolidated elected taxpayer, a combined taxpayer or a single entity taxpayer? Check only one.
- Consolidated elected with 80% ownership   
 Consolidated elected with 50% ownership   
 Combined   
 Single entity taxpayer

By checking either consolidated box above, the entities listed on Schedule B of this registration hereby elect to file a consolidated return.

If you are consolidated, are you including your non-U.S. entities (same ownership election as above)?

- Yes   
 No   
 N/A (currently do not have any non-U.S. entity)

3. If you are a consolidated elected taxpayer or a combined taxpayer, please enter the total number of members, including yourself, and complete Schedule B (attached).

4. A. Legal name of entity (sole proprietor complete 4B):

- B. Sole proprietor:

Last name

First name

M.I.

5. Trade name or DBA:

6. Primary address:

Address of taxpayer's principal office

City

State

ZIP code

Country (if other than U.S.A.)

Date Received (For state use only)									
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>



Federal employer identification number
<input type="text"/>

Social security number
<input type="text"/>

7. Contact information

Mailing address (if different from primary)

City

State

ZIP code

Country (if other than U.S.A.)

Office/home phone number

Office/home fax number

E-mail address

8. List the state  or country  under whose laws the taxpayer is organized (if applicable).

9. If you are registered with the Ohio Secretary of State, enter your charter number, registration number or license-to-conduct-business number:

10. NAICS code:  (For most current NAICS listing, visit us at [tax.ohio.gov](http://tax.ohio.gov))

11. When did you first become subject to the commercial activity tax? (MM/DD/YY)

12. Do you anticipate taxable gross receipts of more than \$1 million during the current calendar year?

Yes  No

I hereby declare the above to be true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Name of applicant or agent (please print)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date (MM/DD/YY)

DRAFT



**Department of Taxation**

P.O. Box 16158  
Columbus, OH 43216-6158  
tax.ohio.gov

CAT 1  
Schedule A  
Rev. 5/11

### Schedule A – Commercial Activity Tax (CAT)

Schedule A is to be completed by all taxpayers other than sole proprietorships. Please list the required information for either the corporate officers, partners or members. If you are a consolidated elected taxpayer or a combined taxpayer, list the information only for the primary entity.

Name of filer:

FEIN:  SSN:  CAT account no. (if issued) for primary entity:

Indicate: Officer*, general partner, managing partner or member	Name		Address	Country	
	FEIN	SSN	City	State	ZIP code

\*President, vice president, secretary, treasurer, statutory agent





**HOLBROOK & MANTER, CPAs**  
PROFESSIONAL SERVICES FIRM

# What you can measure, you can manage.

## Management Advisory Services

Business valuations  
Mergers and acquisitions  
Succession planning  
Small business assistance  
Management consulting  
Technology assistance  
Estate and financial planning  
Elder care  
Internal audit function  
Payroll functions

## Traditional Services

Audit  
Review  
Compilation  
General accounting  
Tax preparation  
Tax compliance  
Tax consulting

## Specialized Services Areas

Agribusiness  
Medical consulting  
Business development  
Governmental  
Not-for-profit  
Litigation support  
Retirement plan administration  
Investment advisory consulting  
Auto dealerships  
Construction  
Restaurants



America Counts on CPAs®

Visit us on the web at [www.HolbrookManter.com](http://www.HolbrookManter.com)

Or contact us at [info@HolbrookManter.com](mailto:info@HolbrookManter.com)

775 Yard St.  
Suite 160  
Columbus, OH 43212  
P: 614.494.5300  
F: 614.494.5305

545 Metro Place S.  
Suite 100  
Dublin, OH 43017  
P: 614.766.3696  
F: 614.766.3605

181 E. Center St.  
P.O. Box 437  
Marion, OH 43302  
P: 740.387.8620  
F: 740.383.4676

103 Professional Pkwy.  
Marysville, OH 43040  
P: 937.644.8175  
F: 937.642.9147



**HOLBROOK & MANTER, CPAs**  
PROFESSIONAL SERVICES FIRM

---

**COLUMBUS**

775 Yard St., Suite 160  
Columbus, OH 43212  
614.494.5300  
614.494.5305 FAX

**DUBLIN**

545 Metro Place S, Suite 100  
Dublin, OH 43017  
614.766.3696  
614.766.3605 FAX

**MARION**

187 E. Center St.  
Marion, OH 43302  
740.387.8620  
740.383.4676 FAX

**MARYSVILLE**

103 Professional Pkwy.  
Marysville, OH 43040  
937.644.8175  
937.642.9147 FAX

[HolbrookManter.com](http://HolbrookManter.com)

©2014 by Holbrook & Manter, CPAs | All rights reserved | Printed in the U.S. A.

The contents of this publication may not be reproduced, in whole or in part, without the express permission of Holbrook & Manter, CPAs