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News and Information – December, 2020

New Employees: Any new employees hired in 2020 or from here forward make sure to include current information regarding the existence of health insurance exchanges in their new employee packet.

W-4N: As of January 1, 2020 every **new** employee hired must also fill out a Nebraska W-4N besides the Federal W-4. **(Form attached)**

I-9's: Make sure you are using the current I-9 form for you and your employees to complete. You will need to keep this form as we will no longer keep a copy here at the office. If you should be audited there is a hefty fine for forms that are not filled out correctly or are missing.

W-2's: We will no longer reprint W-2's for employees without **written consent** from the employer.

Waiting: We are still waiting for technical corrections from the IRS on **many** new tax deductions, credits, and treatment of equipment and assets (new and used), check our Facebook page.

Late Filing Penalties: Late filing of Corporation or Partnership Tax Returns will result in steep penalties! This year the penalties are \$205.00 per K-1, per month. Corporation/Partnership Tax Returns are due March 15th or you must file an extension, we can file this for you just contact us. **The IRS actively penalizes late filers!**

Mileage Rates: 57.5 cents is the mileage rate for businesses in 2020. 2021 has not been disclosed, look on our website www.burrbusiness.com or our **Facebook** page; when it is disclosed we will post it.

Your Annual Meeting: All Corporations are **required** to have an annual corporate meeting with all Shareholders, Directors and Officers present. This can be as simple as a dinner meeting at the Corporation's expense. The Corporation is required to maintain a complete set of records in the Corporation book, which is kept by the appointed Corporation officer. These records must include official signed stock certificates, a complete copy of the Corporation origination papers, copies of the Corporate minutes from each year-end meeting, as well as information on Officer wages and Officer loan payments that may be suspended or reduced in any year that the Corporation realizes a loss. **(Form 1) attached**

Qualifying Business Income Deduction/Bonus: This is a **big** one, 20% of qualifying income that will reduce your taxable income. This does have some limitations, but most will qualify. For 2020 we had a year of QBI deductions, bonus depreciation and cost on rentals and planning. All depreciation is affected, so if you are buying a new truck and it is a deduction it will lower your QBI. Please come in for planning as it might not have the desired affect you want.

Internet Selling: If you are selling items over the Internet to other states, this is a major issue, **(Please talk to us)!**

New Form 1099-NEC & Misc. Penalties: Congress is really serious about issuing Form 1099-Misc. Penalties for late or incorrect filing can be upwards of **\$1000 per form**. Form 1099-Misc is required whenever you pay a non-corporate entity \$600 or more in one year of business transactions. The Form 1099-Misc must be provided to the taxpayer by **January 31, 2021** and **this year the IRS' copy must also be submitted by January 31, 2021** or those penalties will apply. The problem you may encounter is those sub-contractors that do not want you to issue them one, so make sure you get them to fill out a W-9 form **first** before you issue them a payment.

Nebraska Consumer's Use Tax: Consumer's Use Tax is due on all items purchased for which no Nebraska sales tax was paid. This includes items purchased by mail, telephone, internet, as well as taxable services. Items purchased for resale that are used personally are also subject to this tax. Each corporation must keep records and file a timely Consumer's Use Tax form by January 20th for the prior year. If you would like Burr Business Service to prepare your Consumer's Use Tax form, please let us know.

Year-end planning: If you have any new items, it is not too late to set up a ½ hour year-end planning appointment.

Employee Benefits: Employee parties, picnics, outings, snack and sodas are 100% deductible.

*****Engagement Letter:** We must have your engagement letter in order for us to begin preparing your return. The Engagement letter and all other forms can be found on our website at www.burrbusiness.com

****TAX RETURN INFORMATION REQUIRED:** To help us prepare for the upcoming tax season, we will need the following information from you no later than January 31, 2021. March 15th is the deadline date for corporations/partnerships. All information must be in the office by February 20, 2021 to guarantee completion by file date; otherwise an extension must be filed, and additional fees could apply.

1. _____ Copies of any new bank loans obtained during the year.
2. _____ Copies of any new leases signed during the year.
3. _____ List by date, amount and individual of any new investments made into the company this year.
4. _____ Copies of any federal or state tax correspondence received during the year.
5. _____ Copies of any equipment purchase invoices over \$2,500.00.
6. _____ Loan payoffs, by loan number, of all business loans as of December 31, 2020.
7. _____ Copies of your year-end bank reconciliation(s), bank statements and loan summaries.
8. _____ 12/31/20 Year End Balances of: *(if applies)*
 - Accounts Receivable \$_____. **(If applies) (Form 2) attached**
 - Cost of Inventory \$_____. Please make sure to physically count your inventory, retain the records and provide for us an accurate total cost. Do not include consignments you are holding from other people in this number. In the event of an audit you must be able to provide copies of physical count sheets, so again we are placing an emphasis upon obtaining correct year end physical inventory amounts. **This is required by law (Form 2) attached**
9. _____ Enclosed Letter of Engagement, signed & returned **(Form 4) attached**
Your Corporation or Partnership tax return will not be completed without it!
10. _____ Year-end summary of business activity back up, online access, hard copy, or accountants copy.
If you use QuickBooks, it is required to have your bank account reconciled before we start and also that you restore the QuickBooks file after we complete your 2020 work so that your records match the tax returns filed with the IRS. Our office can restore and close out 2020 information if you wish for a fee starting at \$250.00.
11. _____ Sales breakdown by state and city if applicable.
12. _____ Information on any changes in ownership, stock holdings, locations or numbers.
13. _____ All Forms 1099-K you have received.
14. _____ Minutes from the annual shareholders meeting. **(Form 1) attached**
15. _____ Capitalization Policy **(Form 3) attached**
16. _____ Starting this year all S Corps & Partnerships must file a State of Nebraska Tax Return and basis statement for each partner or shareholder.

A number of tax savings programs are available in relation to health care costs, retirement plans and fringe benefits. Please feel free to set a separate appointment with us to discuss how these things might benefit your company.

Do not forget to visit our *Facebook* page or website (www.burrbusiness.com) for any current information. We welcome your business referrals to our office for professional tax preparation, bookkeeping and payroll services. We appreciate your continued business and look forward to serving you another year!

Merry Christmas & Best Wishes for a Happy New Year from all of us at Burr Business Service

Barbara, Lisa, Lauri, Jill, Charlene, Melissa