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## News and Information – December, 2021

**Late Filing Penalties:** Late filing of Corporation or Partnership Tax Returns will result in steep penalties! This year the penalties are \$210.00 per K-1, per month. Corporation/Partnership Tax Returns are due March 15<sup>th</sup> or you must file an extension, we can file this for you just contact us. **The IRS actively penalizes late filers!**

**Mileage Rates:** 56 cents is the mileage rate for businesses in 2021. 2022 has not been disclosed, look on our website [www.burrbusiness.com](http://www.burrbusiness.com) or our **Facebook page**; when it is disclosed, we will post it.

**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 2021 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)!**

**W-2's:** We will no longer reprint W-2's for employees without **written consent** from the employer, this is for the protection of everyone involved.

**Forms:** When hiring new employees, please be sure to use the most current I-9, W-4 & W-4N that is available. You can locate them on our website at [www.burrbusiness.com](http://www.burrbusiness.com) under the forms tab starting January 1, 2022.

**New Form 1099-NEC & Misc. Penalties:** Congress is really serious about issuing Form 1099-Misc. & NEC Penalties for late or incorrect filing can be upwards of **\$1000 per form**. Form 1099-NEC is required whenever you pay a non-corporate entity \$600 or more in one year of business transactions. The Form 1099-Misc & NEC must be provided to the taxpayer by **January 31, 2022**, and **this year the IRS' copy must also be submitted by January 31, 2022** 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 20<sup>th</sup> 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](http://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, 2022. March 15<sup>th</sup> is the deadline date for corporations/partnerships. All information must be in the office by February 20, 2022 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, 2021.
7. \_\_\_\_ Copies of your year-end bank reconciliation(s), bank statements and loan summaries.
8. \_\_\_\_ 12/31/21 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 2021 work so that your records match the tax returns filed with the IRS. Our office can restore and close out 2021 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. \_\_\_\_ **All S Corps & Partnerships must file a State of Nebraska Tax Return and basis statement for each partner or shareholder.**
17. \_\_\_\_ Has there been a change in ownership this year? \_\_\_\_ yes \_\_\_\_ no. If so provide new owner identification information, dates and percentages.
18. \_\_\_\_ Have you opened or closed any locations this year? \_\_\_\_ yes \_\_\_\_ no. If so please provide that information and physical addresses. \_\_\_\_\_
19. \_\_\_\_ Please provide us a list with information of your owners email addresses and phone numbers.
20. \_\_\_\_ Please provide us with your website address: \_\_\_\_\_. Do you make sales over the internet and if so please provide us with the dollar amount. Additionally, make sure you have considered sales and income tax registration, collection and filing requirements in other states.

## **Unusual Items for 2021:**

- **Virtual Currency:** Reporting of virtual currency is quite unique, and we are seeing more and more businesses “dabbling” in virtual currency. If your company bought or sold virtual currency, or accepted it as payment, or used it to pay bills we need some quite detailed information. Please inform us if you have any of this activity in your business for 2021 because the penalty for failing to disclose this information is quite substantial.
- **PPP Loans & Forgiveness:** If we **did not** assist you in anyway with a PPP loan and or forgiveness that your business received in 2020 or 2021, please provide us with the dates and amounts.
- **Employee Retention Credit:** Also if we **did not** assist you in anyway and you received an Employee Retention Credit this requires special tax reporting on our part so we do need copies of all 4 quarters Form 941, year-end W-2’s and any Forms 7200 (ERC Refund) , 7202 (sick pay) you may have filed.

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](http://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, Melissa, Chananne***