



CERTIFIED PUBLIC ACCOUNTANTS

Tax News Flash

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- **Expanded 1099 Requirements Are Repealed**
- **Pension Tax Stripped from Bill by Senate**

Expanded 1099 Requirements Are Repealed

In last week's [Acuity Tax News Flash \(April 11, 2011\)](#), we reported that the expanded requirements to report payments for goods or to corporations, and to report expenses of residential rental real estate, were about to be repealed by H.R. 4, the "Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011." President Obama signed the measure on April 14th, and the repeal is now effective. "Today," said the President, "I was pleased to take another step to relieve unnecessary burdens on small businesses by signing H.R. 4 into law."

Pre-2010 law was not repealed, however. Businesses, including charitable organizations, still need to report payments exceeding \$600 for services where the payees are not corporations. Certain payments, such as payments for attorneys' fees, need to be reported whether or not the payee is a corporation. When reporting payments, it is critical to have the correct taxpayer identification number (TIN) of the payee; if you don't have that number, you may be required to withhold tax and remit the withholding to IRS – and it's not an excuse if you already paid that payee.

We are able to help businesses comply with these reporting requirements, including:

- E-filing Forms 1099 with IRS (past a certain number forms, e-filing is required; in such a case, paper filing of the forms can result in the same penalties for not filing);
- Preparing and mailing Forms 1099 to recipients; and
- Matching TIN data against IRS records so that bad numbers can be identified early.

Pension Tax Stripped from Bill by Senate

[Also in last week's News Flash](#), we reported on two bills, [HB 1092](#) and [SB 570](#), which both propose to tax pensions that are exempt under current law. In an uncommonly used tactic called a "floor amendment," however, the Hawaii State Senate deleted the pension taxing provisions from [HB 1092](#) before returning the bill to the House.

This, of course, by no means indicates that taxation of pensions is off the table. Pension provisions remain in [SB 570](#), so we expect this issue, among others, to be vigorously discussed in the House-Senate conference committees that are now being formed.

HB 1092 STATUS: SD 3 DISAGREED BY HOUSE

SB 570 STATUS: HD 1 DISAGREED BY SENATE

Information on these and other bills moving through the Legislature may be obtained from the Legislature's web site, www.capitol.hawaii.gov. Or click on the links in this message.

If you have questions about any of these news items, your client service team at Accuity can bring you the resources that you may need.

Please do not hesitate to contact your client service team for more information or Tom Yamachika at (thomas.yamachika@accuityllp.com).

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