



Tax News Flash

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Tax Relief/Job Creation Act of 2010 – Webinar Reminder

We will be having our Webinar on the recently signed Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 on Friday, January 7, 2011 at 10:00 a.m.

If you haven't already signed up but would like to, it's not too late! [Click here](#) to email Ms. Lehua Thompson, or call her at 531-3489.

Enhanced 1099 Reporting One Year Away, But Renters Need to Act Now

Section 9006 of the federal 2010 Health Care Act, Pub. L. No. 111-148 (as amended by the 2010 Health Care Reconciliation Act, Pub. L. No. 111-152), substantially expanded the Form 1099 reporting provisions for most payers, including making the following changes:

- Payments for goods as well as services in an annual aggregate amount of \$600 or more will be reportable.
- Payments made to corporations (other than tax-exempt corporations) will no longer be exempt from the reporting requirements.

This expansion of the reporting requirements generally goes into effect for payments made after December 31, 2011.

Persons who rent real estate also will find that they have to deal with 1099 reporting, but they need to do so *this year*. One provision in the Small Business Jobs Act of 2010, Pub. L. No. 111-240, signed into law in September, requires people who have rental properties to report deductible payments over \$600 the same as any other trade or business. That requirement became effective this year, for payments made after December 31, 2010.

Recently adopted Treasury Regulations (T.D. 9496, generally applicable for payments after December 31, 2010) provide some relief. They say that if a business uses a company credit card to make purchases, the card charges won't have to be separately reported because the credit card company already will be reporting them. The same principles apply for purchases made through a third-party payment network such as PayPal.

That being the case, what should businesses do to prepare in the time – slightly less than a year – before the law kicks in?

Consider everyone in your accounts payable system. Are there Social Security numbers or FEIN's associated with them all? If not, consider sending out W-9's. We know what to do if they come back with good numbers, but what if they don't? If they don't, there is *backup withholding* – the government requires you as a payer to pay tax on behalf of your payee. Some frequently asked questions about backup withholding [can be found here](#).

Do you have numbers that look OK but might not be? Some tax practitioners, including Accuity, should be able to match your TIN's against IRS records. Doing this will help you fix problems early, and will help document your due diligence in case the IRS should come looking for penalties as a result of missing or incorrect taxpayer identification numbers.

Finally, have you considered that you may be required to e-file your 1099's? How many vendors are in your accounts payable system? Payers that have to file more than 250 forms can be penalized for filing on paper. This, of course, is in addition to printing and mailing the 1099's to all of the vendors. (We can also help with all of these tasks.)

Honolulu Real Property Tax Appeal Deadline Looms

This is a reminder that the deadline to appeal real property tax assessments in the City & County of Honolulu is **January 15**. (This year, because the 15th is a Saturday and Monday the 17th is Martin Luther King, Jr. day, the effective deadline is the 18th.) Per the City & County web site:

Important Note: The completed appeal form or written submittal and deposit must be received and date-stamped on or before 4:30 pm at one of our offices or by 11:59 pm on-line, January 18, 2011. If the appeal is mailed, it must be postmarked by a government postal service by January 18, 2011. An appeal cannot be submitted by facsimile (fax) or via email.

Accuity doesn't presently represent clients in real property tax appeals, but we can help you find someone that does.

[Sign up for the Webinar today](#), or if you have any questions please contact your Accuity tax professional. On behalf of the Accuity family, Happy New Year!

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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