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2005

# IRS Tax Calendar

For Small Businesses and Self-Employed



# 2005

<b>JANUARY</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	<b>APRIL</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	<b>JULY</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	<b>OCTOBER</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31
<b>FEBRUARY</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	<b>MAY</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	<b>AUGUST</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	<b>NOVEMBER</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
<b>MARCH</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	<b>JUNE</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	<b>SEPTEMBER</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30	<b>DECEMBER</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

## IRS Tax Calendar 2005

FOR SMALL BUSINESSES AND SELF-EMPLOYED

### JANUARY – DECEMBER 2005

This calendar is filled with useful information on...

General business taxes / IRS and SSA customer assistance / Electronic filing and paying options / Retirement Plans / Business publications and forms / Common tax filing dates / Federal legal holidays.

Each page highlights a different tax issue that may be relevant to your business. You may find it helpful to read through the entire calendar and then refer back to those pages that pertain to you. You'll find room on each month to add your own notes, such as state tax dates or business appointments.

Check [www.irs.gov](http://www.irs.gov) keyword: smallbiz for any updates to this calendar (click on Small Business Products Online Ordering).

### THE INTERNAL REVENUE SERVICE –

*When it comes to working harder for you, consider it done.*

# Take the Easier Route

## ZIP ALONG WITH THESE IRS VEHICLES

### File Smart...File Electronic with IRS *e-file* for Business

The IRS offers business taxpayers a variety of paperless methods for electronically filing their business returns. In addition to the methods to file your employment tax return (see next page), business taxpayers can electronically file the following forms:

- Form 990/990EZ, "Return of Organization Exempt From Income Tax;"
- Form 1041, "U.S. Income Tax Return of Estates and Trusts;"
- Form 1065, "U.S. Return of Partnership Income;"
- Form 1120/1120S, "U.S. Corporation Income Tax Return/U.S. Income Tax Return for an S Corporation;" and
- Forms 1042S, 1098, 1099, 5498, 8027, W-2G, and QWF, "Information Returns."

Any way you choose to file electronically will result in faster, paperless processing with fewer errors. It's secure and convenient plus you receive an electronic acknowledgment within 48 hours. For more information, visit [www.irs.gov](http://www.irs.gov) and click on the *e-file* logo.

### The Electronic Federal Tax Payment System (EFTPS)

#### PAY ALL YOUR FEDERAL TAXES ELECTRONICALLY

EFTPS is the preferred option for making all of your federal tax payments. Not only can you use EFTPS to pay federal business taxes electronically, but you can also use it to make estimated tax payments. One of the many conveniences of EFTPS is the "payment scheduling" feature. This feature allows taxpayers to schedule their payment instructions up to 120 days in advance of a due date for business taxes, and 365 days for individual taxes. EFTPS then automatically

makes the payments on the dates the taxpayer indicates. This is ideal for busy or traveling taxpayers. You can schedule tax payments quarterly, weekly, biweekly, semiweekly, or monthly and not worry about missing a deadline. EFTPS is easy to use, it's safe and secure, and you receive an EFT Acknowledgement Number for every transaction as a receipt of your instructions. With EFTPS you also get a 16-month payment history.

EFTPS offers users an easy and convenient way to make changes to their financial institution information by phone or online.



#### EFTPS-FTD PENALTY REFUND OFFER

If paper coupons were used to make your payments and you receive a Form 941 deposit penalty, you can get a one-time refund of the penalty paid if you enroll in/use EFTPS for one year. To qualify for the EFTPS Penalty Refund Offer, you must pay the entire FTD penalty, enroll in/use EFTPS for one year (four consecutive quarters), and make all your Form 941 payments on time through EFTPS.

Beginning in April 2005, the IRS will automatically determine which employers have achieved four quarters of EFTPS use and refund the taxpayer's most recent full-paid penalty if no other taxes are owed. Refunds will be issued on a quarterly basis following the scheduled Form 941 due dates.

#### EFTPS EXPRESS ENROLLMENT

Express Enrollment allows new business taxpayers with a federal tax obligation to begin making their FTDs more quickly and accurately with EFTPS. When you receive an Employer Identification Number (EIN) from the IRS, you will be enrolled in EFTPS and all your payments can be made online or by phone.

To enroll or get additional information visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service on 800-555-4477, 800-733-4829 (TDD), or 800-244-4829 (Español).

Taxpayers may also find answers to questions about EFTPS or other electronic filing and payment options for business, by visiting the *e-file* section of the IRS Web site at: [www.irs.gov](http://www.irs.gov).

### Methods to *e-file* Your Employment Taxes ...Using an Authorized IRS *e-file* Provider

Authorized IRS *e-file* Providers, can now file Forms 940/941 in a single transmission and use the integrated File and Pay options. You can pay your tax liability and file the tax return at the same time! You or the provider should

register for a Personal Identification Number (PIN) through an approved software provider. The software will request information pertaining to you, the business client. This must be accomplished before your return is filed. The IRS will then send you the PIN,

and you are ready to file your Forms 940 and 941 electronically. You can find more information regarding participation by visiting [www.irs.gov](http://www.irs.gov) and clicking on the *e-file* logo.



#### ...BY INTERNET

Business taxpayers who have a computer, modem, and Web-based Internet access can transmit Forms 940/941 employment tax information through a third-party transmitter.

#### ...USING A PAYROLL SERVICE PROVIDER (REPORTING AGENT)

Business taxpayers using a payroll service provider can electronically file Forms 940/941 if their service provider offers these services.

#### ...BY PHONE (941TELEFILE)

Eligible business taxpayers are invited to file electronically using a Touch-Tone telephone. A 941TeleFile package will be automatically mailed to eligible taxpayers each quarter.

### Modernized *e-file* (MeF)

Modernized *e-file* offers faster electronic acknowledgments, easy to understand error messages in plain language and fewer risks of transcription errors. Corporate returns 1120/1120S, along with 96 of the most commonly used forms and schedules are now available for electronic filing. Beginning in 2005, Schedules M and M-3 and Forms 7004 ("Extension Form") and 8858 will be added.

Forms 990, 990EZ, 1120POL, and 8868 for Exempt Organizations are also available. New for 2005 will be Forms 990PF and 990T.

#### E-SERVICES - IS NOW AVAILABLE

E-services is a suite of Web-based products that will allow tax professionals and payers to electronically do business with IRS. These services are available 24 hours a day and 7 days a week from just about any computer with an Internet

connection. The e-services available include: Registration, Preparer Tax Identification Number (PTIN) Application, Interactive Taxpayer Identification Number (TIN) Matching, Bulk TIN Matching, and the IRS *e-file* Application. Tax professionals who are active participants in the IRS *e-file* program and *e-file* more than 100 accepted individual tax returns in a season, become eligible to use the premium e-services of Disclosure Authorization, Electronic Account Resolution and Transcript Delivery System.

For more information and updates about the new business products and e-services, visit: <http://www.irs.gov/efile/>.

#### THE BUSINESS AND SPECIALTY TAX LINE

The Business and Specialty Tax Line is available at 800-829-4933. The line assists small businesses, small corporations, partnerships, and trust customers with their business returns or accounts. Assistance will cover Employee Identification Numbers; Forms 940/941, 1041, 1065, 1120S; Excise Returns; Estate and Gift Tax Returns; and Federal Tax Deposit issues.

#### HELP US TO HELP YOU!

We want to know how our product fits your needs as a business person. In our efforts to make a better, more informative, and more "user friendly" product, we need your input. If you would like to send us your feedback about the 2005 Small Business and Self-Employed Tax Calendar, please take a moment to fill out a brief survey on our Web site at [www.irs.gov](http://www.irs.gov) keyword: smallbiz (click on Rate Our Products).

#### SMALL BUSINESS/SELF-EMPLOYED MARKETING CARD

The IRS and its Small Business/Self-Employed (SB/SE) Division continuously seek to address the specific needs of the small business and self-employed community. SB/SE has developed the Small Business/Self-Employed Marketing Card. This exciting and innovative, mini CD-ROM is the size of a business card and contains the SB/SE mission, interactive information on outreach products, *e-filing* and *e-paying*, stakeholder groups, and contacts. It also contains an electronic version of the dates on this calendar, and live links to our Web site: [irs.gov](http://irs.gov). In addition, we encourage you to "Rate Our Products" using the link provided on the marketing card. The marketing card and other major outreach products can be ordered directly online at [www.irs.gov](http://www.irs.gov) keyword: smallbiz or by calling 800-829-3676.



## DECIDE HOW TO SET UP

### CHOOSING A TAX ADVISOR

You're starting a new business. Like many people, you may find that, with all your new responsibilities, you need assistance with your taxes, and you may decide to hire a professional tax preparer — someone with experience preparing tax returns for businesses like yours. There are many types of tax preparers who may be qualified to help you. Enrolled agents, tax attorneys,

and certified public accountants are all professionals with expertise in federal taxes. Before selecting a person or firm to handle your business, ask a few questions to see if they offer what you are looking for.

**Experience:** Has that person worked with businesses similar to yours in size and type? Is he or she familiar with your particular line of business?

**Services:** Does the tax professional offer electronic filing—the safest and most efficient way to file your return?

**Price:** What does that person offer for the fee he or she is quoting? If the IRS examines your return, what is that person's policy on assisting you?

**References:** Ask for a list of clients that you can contact.

### CALENDAR YEAR VS. FISCAL YEAR

A year is a year, right? Yes and no. Different types of businesses may use different types of "tax years" when it comes to figuring their taxable income. A tax year is an annual accounting period for keeping records and reporting income and expenses. A calendar year runs from January 1 through December 31. Generally, anyone can adopt a calendar year

for his or her tax returns. In some cases, you may be required to adopt a calendar year. Some businesses have "seasons" that don't follow the traditional calendar. If your business will have such seasons, you may be eligible to use a fiscal year that ends on the last day of a month other than December. Generally, whether you choose a calendar year or a fiscal year, you must use it on your first tax return and for all subsequent tax returns unless you get IRS approval to change your tax year. You can request a change in your tax year by filing Form 1128, "Application to Adopt, Change, or Retain a Tax Year."

### SECURING TIN'S FOR PAYMENTS TO INDIVIDUALS AND BUSINESSES

Before payments are made to employees, independent contractors, or to recipients of any sources of income such as compensation of services, businesses should update the TINs on file by securing an updated W-4, W-9, and W-8 from payees. These forms and instructions are available on the IRS Web site at [www.irs.gov](http://www.irs.gov) keyword: smallbiz. Incorrect TINs may lead to backup withholding reported on Form 945, "Annual Return of Withheld Federal Income Tax."



S	M	T	W	T	F	S																																		
					(New Year's Day Federal Holiday Observed)	1 New Year's Day																																		
2	3 File Form 730 and pay the tax on wagers accepted during Nov 2004. File Form 2290 and pay the tax (or the first installment) on vehicles first used in Nov 2004. Also, pay the installments for other vehicles, if applicable.	4	5	6	7 Deposit payroll tax for payments on Jan 1-4 if the semiweekly deposit rule applies.	8																																		
9	10	11	12 Deposit payroll tax for payments on Jan 5-7 if the semiweekly deposit rule applies.	13	14 Deposit payroll tax for payments on Jan 8-11 if the semiweekly deposit rule applies. Deposit excise taxes for the last 16 days of December 2004.	15																																		
16	17 Martin Luther King Jr.'s Birthday	18 Deposit payroll tax for Dec 2004 if the monthly deposit rule applies. <b>Individuals:</b> Pay the final installment of your 2004 estimated tax, using Form 1040-ES. <b>Farmers and fisherman:</b> Pay your estimated tax for 2004 using Form 1040-ES.	19	20 Inauguration Day	21 Deposit payroll tax for payments on Jan 12-14 if the semiweekly deposit rule applies.	22																																		
23	24 Deposit payroll tax for payments on Jan 15-18 if the semiweekly deposit rule applies.	25	26 Deposit payroll tax for payments on Jan 19-21 if the semiweekly deposit rule applies.	27	28 Deposit payroll tax for payments on Jan 22-25 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of January.	29																																		
30	31 Furnish copies B, C, and 2 of Form W-2 to employees who worked for you during 2004. Deposit FUTA tax owed through December if more than \$100. File Form 940 for 2004 if you made any late deposits of FUTA tax. File Form 941 for the 4th quarter of 2004 if you did not deposit all taxes when due. File Form 943 for 2004 if you did not deposit all taxes when due. File Form 720 for the 4th quarter of 2004. File Form 730 and pay the tax on wagers accepted during December 2004. File Form 2290 and pay the tax (or first installment) on vehicles first used in December 2004. Furnish Forms 1098, 1099, and W-2G to recipients for certain payments made during 2004.	<b>FEBRUARY</b> <table style="margin-left: auto; margin-right: auto;"> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr> <tr><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td><td>19</td></tr> <tr><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td><td>26</td></tr> <tr><td>27</td><td>28</td><td></td><td></td><td></td><td></td><td></td></tr> </table>						1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28					
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# January 2005

### DETOUR

**DETOUR**  
to [www.irs.gov](http://www.irs.gov)  
keyword: smallbiz,  
to go through the  
*Checklist for Starting a Business*,  
including information  
on how to get an  
Employer  
Identification  
Number.

## ESTABLISH YOUR ACCOUNTING METHOD

**Debits and credits present and accounted for.** If you decide to keep your own books, or even if you hire an accountant, you should know a few things about accounting methods. An accounting method is simply a set of rules used to determine when and how you report your income and expenses. You choose your method of accounting when you file your first tax return. The two most commonly used accounting methods are the cash method and accrual method.

### CASH METHOD

This is the accounting method used by individuals and many small businesses. Due to its simplicity, it may be appropriate for your small business. Determining gross income with the cash method is merely a matter of adding up the cash, checks, and fair market value of property and services you receive during the year. Using this method, your income for the year includes all checks you receive, regardless of when you cash the checks or withdraw the money. You cannot avoid paying tax by not depositing checks or credit card charge slips.

Using the cash method, your business expenses are usually deducted in the year you pay them. For example, you order some office supplies from a mail order catalog in November 2004 and they arrive in December. You send a check to pay for them in January 2005. Under the cash method, that business expense deduction should be claimed on your 2005 tax return because that is the year you paid for the supplies. Certain businesses cannot use the cash method. In addition, special rules apply for the accounting of inventory.

### ACCRUAL METHOD

This method of accounting is more precise than the cash method. Its main purpose is to match income and expenses in the correct year. Under the accrual method, income is reported in the year in which all events that fix your right to receive it have occurred, and you can determine the amount with reasonable accuracy, even if you received the income in a different year. For example, the accrual method calls for you to report income for the year when you perform a service for a customer. It doesn't matter that your customer doesn't pay you until the following year. Similarly, you generally deduct



your business expenses in the year you become liable for them, regardless of when you actually paid them. Let's look at the office supply example again. Under the accrual method, you can deduct the business expenses for supplies on your 2004 tax return, the year you ordered the supplies and they were delivered. You sent a check to pay them in January 2005. You can deduct

the expenses in 2004 because that is when you became liable for the expense. Once you decide which accounting method is the right one for your business, you must follow it consistently. Generally you cannot change your method of accounting unless you get special permission from the IRS to change.

← See IRS Publication 538, "Accounting Periods and Methods."

S	M	T	W	T	F	S
		1	2 Deposit payroll tax for payments on Jan 26-28 if the semiweekly deposit rule applies.	3	4 Deposit payroll tax for payments on Jan 29-Feb 1 if the semiweekly deposit rule applies.	5
6	7	8	9 Deposit payroll tax for payments on Feb 2-4 if the semiweekly deposit rule applies.	10 File Form 940 for 2004 if you deposited all FUTA tax when due. File Form 941 if you made timely deposits of all taxes due. File Form 943 for 2004 if you made timely deposits of all taxes due.	11 Deposit payroll tax for payments on Feb 5-8 if the semiweekly deposit rule applies.	12
13	14 Deposit excise taxes for the last 16 days of January.	15 Secure a new Form W-4 from any employee who claimed "exempt" during 2004. Deposit payroll tax for January if the monthly deposit rule applies.	16 Deposit payroll tax for payments on Feb 9-11 if the semiweekly deposit rule applies.	17	18 Deposit payroll tax for payments on Feb 12-15 if the semiweekly deposit rule applies.	19
20	21 <b>Presidents Day</b>	22	23	24 Deposit payroll tax for payments on Feb 16-18 if the semiweekly deposit rule applies.	25 Deposit payroll tax for payments on Feb 19-22 if the semiweekly deposit rule applies.	26
27	28 File information returns (Forms 1098 and 1099) for certain payments made during 2004. File Form W-3, "Transmittal of Wage and Tax Statements," along with Copy A of all Forms W-2 you issued in 2004. File Form 730 and pay the tax on wagers accepted during January. File Form 2290 and pay the tax for vehicles first used in January. File Form 8027 if you are a large food or beverage establishment.					

### MARCH

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# February 2005



### DON'T SLIP UP

Keep up with payment deadlines. EFTPS offers a "payment scheduling" feature which automatically makes payments according to your schedule.

## CONCERNING FAMILY MATTERS...

One of the advantages of operating your own business is hiring family members. However, the employment tax requirements for family employees may vary from those that apply to other employees. Some issues to consider when operating a husband and wife business...

### YOUR SPOUSE, YOUR EMPLOYEE, OR YOUR PARTNER?

A spouse is considered an employee if there is an employer/employee type of relationship, i.e., the first spouse substantially controls the business in terms of management decisions and the second spouse is under the direction and control of the first spouse. If such a relationship exists, then the second spouse is an employee subject to income tax and FICA (social security and Medicare) withholding. However, if the second spouse has an equal say in the affairs of the business, provides substantially equal services to the business, and contributes capital to the business, then a partnership type of relationship exists and the business's income should be reported on Form 1065, "U.S. Return of Partnership Income."

### BOTH SPOUSES CARRYING ON THE TRADE OR BUSINESS

If spouses carry on a business together and share in the profits and losses, they may be partners in a partnership whether or not they have a formal partnership agreement. Spouses should report income or loss from the business on Form 1065, "U.S. Return of Partnership Income." They should not report the income on a Form 1040 Schedule C, "Profit or Loss From Business" in the name of one spouse as a sole proprietor.

If each spouse is a partner in a partnership, each spouse should carry his or her share of the partnership income or loss from Form 1065 Schedule K-1, "Partner's Share of Income, Credits, Deductions, etc.," to their joint or separate Form(s) 1040. Each spouse should include his or her respective share of self-employment income on a separate Form 1040 Schedule SE, "Self-Employment Tax." Self-employment income belongs to the person who is the member of the partnership and cannot be treated as self-employment income by the nonmember spouse, even in community property states. This generally



does not increase the total tax on the return, but it does give each spouse credit for social security earnings on which retirement benefits are based. However, this may not be true if either spouse exceeds the social security tax limitation. Refer to Publication 553, *Highlights of 2004 Tax Changes*, for further information about self-employment taxes.

### ONE SPOUSE EMPLOYED BY ANOTHER

If your spouse is your employee, not your partner, you must pay social security and Medicare taxes for him or her. The wages for the services of an individual who works for his or her spouse in a trade or business are subject to income tax withholding and social security and Medicare taxes, but not to FUTA tax. For more information, refer to Publication 15 Circular E, *Employer's Tax Guide*.

S	M	T	W	T	F	S
		1 <b>Farmers and fisherman:</b> File your 2004 income tax return (Form 1040) and pay any tax due. Deposit excise taxes for the first 15 days of February.	2 Deposit payroll tax for payments on Feb 23-25 if the semiweekly deposit rule applies.	3	4 Deposit payroll tax for payments on Feb 26-Mar 1 if the semiweekly deposit rule applies.	5
6	7	8	9 Deposit payroll tax for payments on Mar 2-4 if the semiweekly deposit rule applies.	10	11 Deposit payroll tax for payments on Mar 5-8 if the semiweekly deposit rule applies.	12
13	14 Deposit excise taxes for the last 13 days of February.	15 Deposit payroll tax for February if the monthly deposit rule applies. <b>Corps.:</b> File a 2004 CY income tax return (Form 1120 or 1120A). <b>S Corps.:</b> File a 2004 CY income tax return (Form 1120S). Provide shareholders with a copy of Sch. K-1.	16 Deposit payroll tax for payments on Mar 9-11 if the semiweekly deposit rule applies.	17	18 Deposit payroll tax for payments on Mar 12-15 if the semiweekly deposit rule applies.	19
20	21	22	23 Deposit payroll tax for payments on Mar 16-18 if the semiweekly deposit rule applies.	24	25 Deposit payroll tax for payments on Mar 19-22 if the semiweekly deposit rule applies.	26
27	28	29 Deposit excise taxes for the first 15 days of March.	30 Deposit payroll tax for payments on Mar 23-25 if the semiweekly deposit rule applies.	31 File Form 730 and pay the tax on wagers accepted during Feb. File Form 2290 and pay the tax on vehicles first used in Feb. If you file Forms 1098, 1099, W-2, or W-2G electronically, your due date has been extended from Feb 28 to today.		

APRIL

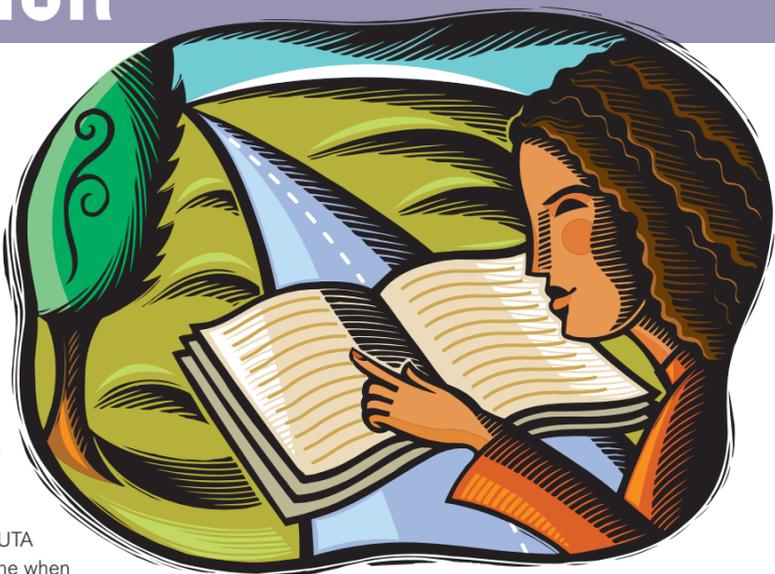
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March 2005



**PULL OVER AND PARK**

New businesses should visit [www.irs.gov](http://www.irs.gov) keyword: smallbiz, for an online classroom covering tax rules and regulations.



## PAYROLL RECORDS

You enter another realm of tax reporting and recordkeeping when you hire employees. Nowhere are good records more important than when it comes to your employee payroll records, not only for your own benefit, but also for the benefit of your employees.

Here are some of the records you will need to keep.

**Form W-4, "Employee's Withholding Allowance Certificate."** Ask all new employees to fill out this form, sign it, and return it to you. The Form W-4 shows their filing status and how many withholding allowances they claim. Have them double check their social security number by verifying it with their social security card. If a new employee fails to return the Form W-4, withhold income tax as if he or she is single with no withholding allowances.

**Form W-5, "Earned Income Credit Advance Payment Certificate."** The earned income credit provides extra help for qualifying low-income employees. The advance credit allows them to receive part of the credit in advance by including it with their pay during the year. Qualifying employees who want advance payments must fill out Form W-5, sign it, and submit it to you.

**Records.** Keep detailed employment tax records. See Publication 15 Circular E, *Employer's Tax Guide*, for more information.

**Tips.** Tip income your employees receive from customers is generally subject to withholding. Employees must report all cash tips to you by the 10th of the month after the month the tips were received.

**Withholding.** Keep track of withheld Federal income tax, social security and Medicare taxes, state and local taxes, and the net amount paid to each employee (including earned income credit advance payments) during the year.

**Form W-2, "Wage and Tax Statement."** This is the annual statement you give to employees showing their earnings and withholdings for the year. Generally, you must give it to them by January 31 of the following year. Copy A of Form W-2 is due to Social Security on the last day of February, although electronic filers have until the last day of March.

**Form 941, "Employer's Quarterly Federal Tax Return."** This is your quarterly report of wages paid, tip income received by the employee, income tax withheld, social security and Medicare taxes and tips, and advanced earned income credit paid to the employee. Make a copy for your records. If you file by telephone, keep a copy of the "941 TeleFile Tax Record."

**Form 940, "Employer's Annual Federal Unemployment (FUTA) Tax Return."** Generally, you must compute Federal unemployment tax on the first \$7,000 of

each employee's earnings. Keep close track of the dates and amounts of each check you paid to your employees so you'll be able to figure out the FUTA tax and determine when deposits are due. Normally, you must file your FUTA tax return (Forms 940 or 940-EZ) annually by January 31 of the following year. Always keep a copy of your tax records. If you file electronically, also keep a copy of IRS' electronic acknowledgement.

**Federal Tax Deposits (FTDs).** New employers are automatically enrolled in EFTPS and supplied with one FTD coupon (Form 8109, "Federal Tax Deposit Coupon") after applying for an Employer Identification Number (EIN). The coupon is preprinted with your name, address, and EIN. To order additional coupons, call 800-829-1040 and allow 5-6 weeks for delivery. If you use a coupon, make your federal tax deposits at any authorized institution—do not send federal tax deposit coupons directly to the IRS. For more information, visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 800-555-4477.

Form 1099-MISC, "Miscellaneous Income." Use this form to report certain payments you make in your business. For example:

- Payments of \$10 or more for royalties, interest, or dividends;
- Payments of \$600 or more for rents, prizes, and awards; and
- Payments of \$600 or more to workers who were not your employees.

Keep your employment tax information organized and in a safe place. Not only will you be able to take full advantage of all your deductions for payroll taxes, you'll also be able to avoid costly penalties and interest for late payments or errors on returns.

➔ See *IRS Publication 15 Circular E, "Employer's Tax Guide."*

S	M	T	W	T	F	S
					1 Deposit payroll tax for payments on Mar 26-29 if the semiweekly deposit rule applies.	2
3	4	5	6 Deposit payroll tax for payments on Mar 30-31 if the semiweekly deposit rule applies. Deposit payroll tax for payments on Apr 1 if the semiweekly deposit rule applies.	7	8 Deposit payroll tax for payments on Apr 2-5 if the semiweekly deposit rule applies.	9
10	11	12	13 Deposit payroll tax for payments on Apr 6-8 if the semiweekly deposit rule applies.	14 Deposit excise taxes for the last 16 days of March.	<b>15 TAX DAY</b> File Form 1040, 1040A, or 1040EZ and pay any tax due. Deposit payroll tax for March if the monthly deposit rule applies. Deposit payroll tax for payments on Apr 9-12 if the semiweekly deposit rule applies. <b>Individuals:</b> Pay the first installment of your estimated tax for 2005. <b>Partnerships:</b> File a 2004 calendar year return (Form 1065). Provide each partner with a copy of Sch. K-1. <b>Corporations:</b> Deposit the first installment of your estimated tax for 2005.	
17	18	19	20 Deposit payroll tax for payments on Apr 13-15 if the semiweekly deposit rule applies.	21	22 Deposit payroll tax for payments on Apr 16-19 if the semiweekly deposit rule applies.	23
24	25	26	27 Deposit payroll tax for payments on Apr 20-22 if the semiweekly deposit rule applies.	28	29 Deposit payroll tax for payments on Apr 23-26 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of April.	30

**MAY**

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**GET UP TO SPEED**

Order *Electronic Choices for Paying all your Federal Business Taxes*, Publication 966. Find the method for you to cruise at top speed.

**BUSINESS DEDUCTIONS**



**CAR EXPENSES**

To take a business deduction for the use of your car, you must determine whether the use was business or personal.

If the use is personal, no deduction is allowed. Personal use includes commuting—driving from your home to your regular place of work.

A deduction may be allowed if you have multiple jobs or businesses. Driving from your home to “business one” is commuting, but driving from “business one” directly to “business two” is deductible. Also, you are usually allowed to deduct transportation costs for going from your home to a temporary workplace regardless of the distance.

Deductible car expenses can include the cost of 1) traveling from one workplace to another, 2) making business trips to visit customers or attend business meetings away from your regular workplace, 3) going to temporary workplaces.

To claim the deduction, keep adequate records such as a written travel log with complete and accurate mileage records for

each business use of your car. If you are unable to produce a clear and accurate business mileage record, the IRS may disallow the deduction.

There are two methods for claiming business car expenses: actual expenses or the standard mileage rate.

**Actual Expenses:** You can add your entire car operating expenses for the year, including gas, oil, tires, repairs, license fees, lease payments, registration fees, garage rental, insurance, and depreciation. Deduct the percentage of the total that was for business, based on your mileage records of business and personal travel. Deductions for business parking and tolls do not have to be divided.

**Standard Mileage Rate:** Instead of tracking car costs, you can use the standard mileage rate. In 2004, the standard mileage rate was 37.5 cents per mile for all business miles. In 2005, the standard mileage rate is 40.5 cents per mile for all business miles. If you use the standard mileage rate, you cannot also claim your actual operating expenses, but you can claim your business parking and tolls.

**TRAVEL EXPENSES**

Travel expenses are your “ordinary and necessary” expenses while you are traveling away from home on business. You are required to show that your trip away from home was primarily for business.

Keep all receipts and whatever other documents you can gather at the time of the trip to prove where you went, why you went there, how long you stayed and how much you spent. If your travel includes some business and some personal aspects, be sure to keep clear records showing exactly how much is related to business. Keep the following:

**Lodging receipts:** These should show where you were, how long you were there, and charges. Also keep records for cleaning and laundry, telephone charges, tips, and other charges not shown separately.

**Transportation receipts:** These include airplane, train or bus ticket stubs, travel agency receipts, rental car or taxi receipts, etc., all showing the amounts, dates and destinations involved.

**Meal receipts:** Generally, you must keep a log of your meal expenses and save receipts for amounts of \$75 or more. If you do not want to keep track of the actual costs of your meals, you may qualify to use the standard meal allowance.

Whether you use the standard meal allowance or actual expenses, you generally can only claim a deduction for 50 percent of the un-reimbursed cost of your meals while you are traveling.

See IRS Publication 463, “Travel, Entertainment, Gift, and Car Expenses,” and Publication 535, “Business Expenses.”

S	M	T	W	T	F	S
1	2 File Form 720 for the first quarter of 2005. File Form 730 and pay the tax on wagers accepted during March. File Form 2290 and pay the tax for vehicles first used in March. File Form 941 for the first quarter of 2005. Deposit FUTA tax owed through March if more than \$500.	3	4 Deposit payroll tax for payments on Apr 27-29 if the semiweekly deposit rule applies.	5	6 Deposit payroll tax for payments on Apr 30-May 3 if the semiweekly deposit rule applies.	7
8	9	10	11 Deposit payroll tax for payments on May 4-6 if the semiweekly deposit rule applies.	12	13 Deposit payroll tax for payments on May 7-10 if the semiweekly deposit rule applies. Deposit excise taxes for the last 15 days of April.	14
15	16 Deposit payroll tax for April if the monthly deposit rule applies.	17	18 Deposit payroll tax for payments on May 11-13 if the semiweekly deposit rule applies.	19	20 Deposit payroll tax for payments on May 14-17 if the semiweekly deposit rule applies.	21
22	23	24	25 Deposit payroll tax for payments on May 18-20 if the semiweekly deposit rule applies.	26	27 Deposit payroll tax for payments on May 21-24 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of May.	28
29	30 Memorial Day	31 File Form 730 and pay the tax on wagers accepted during April. File Form 2290 and pay the tax for vehicles first used in April.				

**JUNE**

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**STEER CLEAR**

Recognizing Illegal Tax Avoidance Schemes, Publication 3995, is a brochure covering unlawful tax avoidance schemes. To order, call 800-829-3676.

## KEEP GOOD BUSINESS RECORDS

Keeping your business records in a filing system is just as important as any other aspect of your business.

So, what's the best way to keep good records? It doesn't have to be complicated. Use any recordkeeping system suited to your business that clearly and accurately shows your income and expenses.

Your tax records must support all the income, tax deductions, and credits you show on your tax return. Carefully track all of your income and where it comes from. It's important to separate your business and personal receipts and your taxable and nontaxable income.

Be careful if you transfer some of your personal funds into your business account, essentially making a "loan" to the business. Keep complete records of that transaction so that you don't include the money in your taxable business income by mistake.

### EXPENSES

Record your expenses when you pay or incur them, depending on your method of accounting. It's easy to forget about some of last year's expenses when you're filling out your tax return. Overlooking deductible expenses can cost you.

### ASSETS

Your business assets are the property and equipment you own and use for your business. Keep a complete and detailed record of your assets, showing when you acquired them, how much you paid for them and how you use the assets in your business. This detailed record will allow you to depreciate your assets properly and report the correct gain or loss when you dispose of them.

### SELF-EMPLOYMENT EARNINGS

If you are self-employed, you must pay self-employment tax. This tax provides for your Social Security benefits when you retire or are disabled. The amount of benefits you receive depends on how much you earn and contribute to the Social Security system.

### CAR EXPENSES

It's important to get into the habit of recording your business mileage at the time you actually use your car. Try keeping a logbook in the glove compartment and jotting down the mileage at the beginning and end of each business-related trip. Record parking fees and tolls, and save your insurance and repair receipts.

### PAYROLL TAXES

If you have employees, you must keep all records dealing with Federal employment taxes for at least four years after the tax is

due or paid, whichever is later. Make sure your records include your employer identification number, the confirmation number or tax record from any electronic payments, copies of the tax returns you filed, and the dates and amounts of all the employment tax deposits you have made.

Keep track of your employees' Social Security and Medicare (FICA) taxes and income tax withholding in the same way, by recording the date and amount of each paycheck and the date and amount of the taxes you withheld.

You must also keep a record of the Federal unemployment (FUTA) tax you paid. Record the total amount you paid for each employee and the amount you paid into the state unemployment fund.

Many employers outsource some or all payroll and related tax duties to third-party payroll service providers to help streamline business operations. Remember that you, the employer, are ultimately responsible for payment, filing, and recordkeeping. As part of your regular business reconciliation review, verify that these actions are being completed and copies kept.

### TRAVEL AND ENTERTAINMENT

Keep all business-related travel and entertainment receipts. Indicate the exact business reason for these expenses.

See IRS Publication 15 Circular E, "Employer's Tax Guide," Publication 463, "Travel, Entertainment, Gift, and Car Expenses," and Publication 583, "Starting a Business and Keeping Records."



S	M	T	W	T	F	S
			1	2 Deposit payroll tax for payments on May 25-27 if the semiweekly deposit rule applies.	3 Deposit payroll tax for payments on May 28-31 if the semiweekly deposit rule applies.	4
5	6	7	8 Deposit payroll tax for payments on Jun 1-3 if the semiweekly deposit rule applies.	9	10 Deposit payroll tax for payments on Jun 4-7 if the semiweekly deposit rule applies.	11
12	13	14 Deposit excise taxes for the last 16 days of May.	15 Deposit payroll tax for payments on Jun 8-10 if the semiweekly deposit rule applies. Deposit payroll tax for May if the monthly deposit rule applies. <b>Individuals:</b> Pay the second installment of your estimated tax for 2005. <b>Corporations:</b> Deposit the second installment of your estimated tax for 2005.	16	17 Deposit payroll tax for payments on Jun 11-14 if the semiweekly deposit rule applies.	18
19	20	21	22 Deposit payroll tax for payments on Jun 15-17 if the semiweekly deposit rule applies.	23	24 Deposit payroll tax for payments on Jun 18-21 if the semiweekly deposit rule applies.	25
26	27	28	29 Deposit payroll tax for payments on Jun 22-24 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of June.	30 File Form 730 and pay the tax on wagers accepted during May. File Form 2290 and pay the tax for vehicles first used in May.		

JULY						
			1	2		
3	4	5	6	7	8	9
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### MERGE RIGHT

Enroll in EFTPS! Use it to make payments for an entire year and you may qualify for a one-time refund on a previously paid penalty.

## AVOIDING PENALTIES

### HOW TO SURVIVE PAYING TAXES

Death and taxes. Ben Franklin said that they are the only two things in life that are certain. But you don't have to let your tax responsibilities drive you or your business to an early grave.

One problem many new business owners may run into is not budgeting money to set aside for your taxes. You may find yourself short on cash when it comes time to file. Even if you cannot pay, file your tax returns anyway!

Don't wait until the time to file has come and gone. Gather your records and file all your tax forms by their due dates—even if you can't pay a cent. Of course, to keep down the interest and penalties, try to pay as much as you can. If you receive a notice from the IRS, respond right away. Don't ignore it; it won't go away.

If the next deadline rolls around and you still can't pay, go ahead and file on time. At least you'll avoid the failure-to-file penalty. Along with your return, attach an Installment Agreement Request (Form 9465). You can propose your own monthly payment date and amount using this form. If circumstances make it unlikely that you could pay the full tax even on an installment plan,

ask for a copy of Publication 594, *What You Should Know About the IRS Collection Process*. This publication lists alternative methods for resolving your account.

The failure-to-pay penalty may be reduced from .5% to .25% per month during the period in which an individual installment agreement is in effect. However, you must have filed on time.

### THE DO-IT-YOURSELF SOCIAL SECURITY PROGRAM

For most employees, social security and Medicare taxes are deducted from every paycheck, helping to provide retirement income and Medicare coverage. But if you are self-employed, you pay for your coverage through the self-employment tax that you compute and pay when you file your federal income tax each year.

Generally, if you carry on a trade or business as a sole proprietor, an independent contractor, a member of a partnership that carries on a trade or business, or are otherwise in business for yourself, then you are self-employed. Part-time work can qualify as self-employment even if it's work



you do in addition to a regular full-time job. Generally, if you have net earnings from self-employment of \$400 or more a year, you have to pay self-employment tax. The current tax rate is 15.3 percent.

In most cases, self-employment income does not include interest, dividends, capital gains, or rent from real estate. Many self-employed people will have to make quarterly estimated tax payments. It's important to

remember that your self-employment tax will increase the total federal tax you owe.

Be sure to take this into account when you determine how much estimated tax to pay each quarter. When you file your tax return, you must fill out Schedule SE, where you report your self-employment income and calculate the self-employment tax you owe.

See IRS Publication 533, "Self-Employment Tax."

S	M	T	W	T	F	S
					1 Deposit payroll tax for payments on Jun 25-28 if the semiweekly deposit rule applies. File Form 11-C to register and pay the annual tax if you are in the business of taking wagers.	2
3	4 Independence Day	5	6	7 Deposit payroll tax for payments on Jun 29-30 if the semiweekly deposit rule applies. Deposit payroll tax for payments on Jul 1 if the semiweekly deposit rule applies.	8 Deposit payroll tax for payments on Jul 2-5 if the semiweekly deposit rule applies.	9
10	11	12	13 Deposit payroll tax for payments on Jul 6-8 if the semiweekly deposit rule applies.	14 Deposit excise taxes for the last 15 days of June.	15 Deposit payroll tax for payments on Jul 9-12 if the semiweekly deposit rule applies. Deposit payroll tax for June if the monthly deposit rule applies. Partnerships: File a 2004 CY return (Form 1065) with first extension.	16
17	18	19	20 Deposit payroll tax for payments on Jul 13-15 if the semiweekly deposit rule applies.	21	22 Deposit payroll tax for payments on Jul 16-19 if the semiweekly deposit rule applies.	23
24	25	26	27 Deposit payroll tax for payments on Jul 20-22 if the semiweekly deposit rule applies.	28	29 Deposit payroll tax for payments on Jul 23-26 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of July.	30
31	<b>AUGUST</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31					



### e-file EXPRESSWAY

An e-file Provider can help you zip through your tax filing. Find an Authorized IRS e-file Provider at [www.irs.gov](http://www.irs.gov) keyword: smallbiz.

## CALCULATE YOUR DEPRECIATION

Over time, business equipment ages, deteriorates, or becomes obsolete. You can get back a portion of your cost for certain property by taking deductions for depreciation. Generally, to depreciate your assets, the property must be used in your business or income-producing activity, must have a determinable useful life of more than one year, and must be property you own.

You can begin to depreciate the property as soon as it is available for a specific use in your business or income-producing activity. You stop depreciating the property when you've recovered its cost (or other basis), or when you retire it from service, whichever comes first.

The kind of property you own affects how you can claim a depreciation deduction. Property falls into two categories: tangible and intangible.

**Tangible property** can be seen or touched, such as buildings, cars, machinery, or equipment. If you own tangible property that you use for both personal and business purposes, you may take deductions based only on the business use portion of the property. Certain types of property can never be depreciated. For example, you can't depreciate the cost of land because it does not wear out or become obsolete. The cost of inventory does not qualify for the depreciation deduction, either.

**Intangible property** is generally any property that can't be seen or touched, such as copyrights, goodwill, and patents. Certain types of intangible property cannot be depreciated but must be amortized instead.

**To see if you can claim depreciation deductions**, get Form 4562, "Depreciation and Amortization," and its instructions. You may be able to deduct all or part of the cost of certain qualifying property used in your business in the year you placed it in service by claiming a "section 179" deduction ("Election to Expense Certain Business Assets"). The advantage of claiming the section 179 deduction is that you get to deduct more up front. Like depreciation deductions, you can claim the section 179 deduction only when your property is ready to be used in your business or income-producing activity.

There are limitations. For example, if the cost of all qualifying property placed in service in 2004 is more than \$410,000, the maximum section 179 deduction you can take is reduced by the amount over \$410,000. When the cost of all qualifying property placed in service in 2004 exceeds \$512,000, then no section 179 deduction is allowed. The maximum section 179 deduction for 2004 is \$102,000. You cannot deduct costs in excess of your taxable income, which



includes your trade and business income, plus your wages and salaries for the year. You use Form 4562 to make the election to claim a section 179 deduction or carryover.

In 2005, the amounts for section 179 deductions will be adjusted for inflation.

← See IRS Publication 946, "How To Depreciate Property" and Publication 535, "Business Expenses."

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	1 Deposit FUTA tax owed through June if more than \$500. File Form 720 for the 2nd quarter of 2005. File Form 730 and pay the tax on wagers accepted during June. File Form 941 for the 2nd quarter of 2005. File Form 2290 and pay the tax for vehicles first used in June. If you maintain an employee benefit plan, file Form 5500 or 5500EZ for 2004. File Form 5558 to request extension to file Forms 5500 or 5500EZ.	2	3 Deposit payroll tax for payments on Jul 27-29 if the semiweekly deposit rule applies.	4	5 Deposit payroll tax for payments on Jul 30-Aug 2 if the semiweekly deposit rule applies.	6
7	8	9	10 Deposit payroll tax for payments on Aug 3-5 if the semiweekly deposit rule applies.	11	12 Deposit payroll tax for payments on Aug 6-9 if the semiweekly deposit rule applies. Deposit excise taxes for the last 16 days of July.	13
14	15 Deposit payroll tax for July if the monthly deposit rule applies. <b>Individuals:</b> File a 2004 calendar year return (Form 1040, 1040A, or 1040EZ) with first extension.	16	17 Deposit payroll tax for payments on Aug 10-12 if the semiweekly deposit rule applies.	18	19 Deposit payroll tax for payments on Aug 13-16 if the semiweekly deposit rule applies.	20
21	22	23	24 Deposit payroll tax for payments on Aug 17-19 if the semiweekly deposit rule applies.	25	26 Deposit payroll tax for payments on Aug 20-23 if the semiweekly deposit rule applies.	27
28	29 Deposit excise taxes for the first 15 days of August.	30	31 Deposit payroll tax for payments on Aug 24-26 if the semiweekly deposit rule applies. File Form 730 and pay tax on wagers accepted during July. File Form 2290 and pay the tax for vehicles first used in July.			

### SEPTEMBER

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# August 2005



### FOR INFORMATION

The Small Business Resource Guide, Publication 3207, is a CD-ROM with valuable information from a variety of government agencies, non-profit organizations, and educational institutions. Order online at [www.irs.gov](http://www.irs.gov) keyword: smallbiz, or call 800-829-3676.

## UNDERSTANDING YOUR TAXPAYER RIGHTS

### PROTECTION OF YOUR RIGHTS

IRS employees will explain and protect your rights as a taxpayer throughout your contact with the IRS.

### PAYMENT OF ONLY THE CORRECT AMOUNT OF TAX

You are responsible for paying only the correct amount of tax due under the law—no more, no less. If you cannot pay all of your tax when it is due, you may be able to make

monthly installment payments. Interest will still apply. A late payment penalty will also apply, unless reasonable cause is established. Even if you can't pay all of your tax when it is due, you should file appropriate tax returns to avoid being charged a late filing penalty.

### PRIVACY AND CONFIDENTIALITY

The IRS will not disclose to anyone the information you give the IRS, except as authorized by law. You have the right to know

why the IRS is asking you for information, how it will be used, and what happens if you do not provide the requested information.

### PROFESSIONAL AND COURTEOUS SERVICE

If you believe that an IRS employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the IRS Center where you filed your return (see [www.irs.gov](http://www.irs.gov) keyword: smallbiz under Contact My Local Office).

### REPRESENTATION

You may either represent yourself or, with proper written authorization, have someone else represent you. Your representative must be a person allowed to practice before the IRS, such as an attorney, certified public accountant, or enrolled agent. If you are in an interview and ask to consult such a person, then, in most cases, we must stop and reschedule the interview. You can have someone accompany you to an interview. You may make sound recordings of any meetings with examination, appeals, or collection personnel, provided you tell the IRS in writing to days before the meeting.

### HELP FROM THE TAXPAYER ADVOCATE SERVICE (TAS)

The Taxpayer Advocate Service helps taxpayers resolve problems with the IRS and recommends legislative or procedural changes to help prevent similar problems in the future. TAS offers special help if you are facing significant hardship as a result of a tax problem that meets TAS criteria. For more information, including the TAS criteria, write to the Taxpayer Advocate at the IRS office that last contacted you, call toll free 877-777-4778 (800-829-4059 for TTY/TDD) or visit the Web site [www.irs.gov/advocate](http://www.irs.gov/advocate).

### APPEALS AND JUDICIAL REVIEW

If you disagree with the IRS about the amount of your tax liability or certain collection actions, you have the right to ask the Appeals Office to review your case. You may also ask a court to review your case.

### RELIEF FROM CERTAIN PENALTIES AND INTEREST

The IRS can waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of an IRS employee. We can waive interest that is the result of certain errors or delays caused by an IRS employee.

← See IRS Publication 1, "Your Rights as a Taxpayer."



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				1	2 Deposit payroll tax for payments on Aug 27-30 if the semiweekly deposit rule applies.	3
4	5 Labor Day	6	7	8 Deposit payroll tax for payments on Aug 31-Sep 2 if the semiweekly deposit rule applies.	9 Deposit payroll tax for payments on Sep 3-6 if the semiweekly deposit rule applies.	10
11	12	13	14 Deposit payroll tax for payments on Sep 7-9 if the semiweekly deposit rule applies. Deposit excise taxes for the last 16 days of August.	15 Deposit payroll tax for Aug. if the monthly deposit rule applies. <b>Individuals:</b> Pay the 3rd installment of your estimated tax for 2005. <b>Corporations:</b> File a 2004 CY income tax return (Form 1120 or 1120A) and pay any tax, interest, and penalties due. Deposit the 3rd installment of your estimated tax for 2005. <b>Retirement Plan:</b> Deadline for making final required minimum contributions for 2004 CY money purchase and defined benefit plans.	16 Deposit payroll tax for payments on Sep 10-13 if the semiweekly deposit rule applies.	17
18	19	20	21 Deposit payroll tax for payments on Sep 14-16 if the semiweekly deposit rule applies.	22	23 Deposit payroll tax for payments on Sep 17-20 if the semiweekly deposit rule applies.	24
25	26	27	28 Deposit payroll tax for payments on Sep 21-23 if the semiweekly deposit rule applies. Deposit excise taxes (non-EFTPS) for the period beginning Sep 16 and ending Sep 25.	29 Deposit excise taxes for the first 15 days of September. Deposit excise taxes (EFTPS) for the period beginning Sep 16 and ending Sep 26.	30 Deposit payroll tax for payments on Sep 24-27 if the semiweekly deposit rule applies. File Form 730 and pay tax on wagers accepted during August. File Form 2290 and pay the tax for vehicles first used in August.	

OCTOBER						
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### STUCK?

If you are stalled out and need help, call the Business and Specialty Tax Line at 800-829-4933 for roadside assistance.

## WHAT TO EXPECT... AND WHAT TO DO

### Examinations, Appeals, and Collections

#### EXAMINATIONS (AUDITS)

The IRS accepts most taxpayers' returns as filed. If the IRS inquires about your return or selects it for examination, that does not suggest you are dishonest. The inquiry or examination may or may not result in more tax; your case may be closed without change or you may receive a refund.

#### REPEAT EXAMINATIONS

If the IRS examined your return for the same items in either of the two previous years and proposed no change to your tax liability, please call as soon as possible so the IRS can determine whether to discontinue the examination. Publication 556, *Examination of Returns, Appeal Rights, and Claims for Refund*, will give you more information about the rules and procedures of an IRS examination.

#### APPEALS

If you do not agree with the examiner's proposed changes you can appeal them to the Appeals Office of IRS. Most differences

can be settled without expensive and time-consuming court trials. Your appeal rights are explained in Publication 5, *Your Appeal Rights and How To Prepare a Protest If You Don't Agree*.

If you do not wish to use the Appeals Office or disagree with its findings, you may be able to take your case to the U.S. Tax Court, U.S. Court of Federal Claims, or the U.S. District Court where you live. If the court agrees with you on most issues in your case and finds that the IRS' position was largely unjustified, you may be able to recover some of your administrative and litigation costs.

#### COLLECTIONS

Publication 594, *What You Should Know About the IRS Collection Process*, explains your rights and responsibilities regarding payment of Federal taxes. It describes what to do when you owe taxes and the collection actions that the IRS may take.

#### INNOCENT SPOUSE RELIEF

Generally, both you and your spouse are responsible, jointly and individually, for paying the full amount of any tax, interest, or penalties due on your joint return.

However, if you qualify for innocent spouse relief, you may not have to pay the tax, interest, and penalties attributable to your spouse (or former spouse). For more information, see Publication 971, *Innocent Spouse Relief*.

See IRS Publication 1, "Your Rights as a Taxpayer."



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2	3	4	5 Deposit payroll tax for payments on Sep 28-30 if the semiweekly deposit rule applies.	6	7 Deposit payroll tax for payments on Oct 1-4 if the semiweekly deposit rule applies.	8	
9	10 Columbus Day	11	12	13 Deposit payroll tax for payments on Oct 5-7 if the semiweekly deposit rule applies.	14 Deposit payroll tax for payments on Oct 8-11 if the semiweekly deposit rule applies. Deposit excise taxes (non-EFTPS) for the last 5 days of September. Deposit excise taxes (EFTPS) for the last 4 days of September.	15	
16	17 If you maintain an employee benefit plan and filed for an extension prior to August 1, file Form 5500 or 5500EZ for 2004. Deposit payroll tax for September if the monthly deposit rule applies. <b>Individuals:</b> File a 2004 calendar year return (Form 1040, 1040A, or 1040EZ) with second extension. <b>Partnerships:</b> File a 2004 calendar year return (Form 1065) with second extension.	18	19 Deposit payroll tax for payments on Oct 12-14 if the semiweekly deposit rule applies.	20	21 Deposit payroll tax for payments on Oct 15-18 if the semiweekly deposit rule applies.	22	
23	24	25	26 Deposit payroll tax for payments on Oct 19-21 if the semiweekly deposit rule applies.	27	28 Deposit payroll tax for payments on Oct 22-25 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of October.	29	
30	31 File Form 720 for the 3rd quarter of 2005. File Form 730 and pay the tax on wagers accepted during September. Deposit FUTA tax owed through September if more than \$500. File Form 941 for the 3rd quarter of 2005. File Form 2290 and pay the tax for vehicles first used in September.			<b>NOVEMBER</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30			

# October 2005



#### EASY NAVIGATION

Publication 3959, *The Convenient Way to Learn About EFTPS CD-ROM*, helps you navigate through EFTPS—with an interactive tutorial, EFTPS guide, and downloadable forms.

## PICK UP SOME ADVICE

### SMALL BUSINESS HELP FROM THE IRS

At one time or another, every small business owner has tax questions. The IRS offers a variety of types of assistance to small business owners: publications, CD-ROMs, videos, Taxpayer Assistance Centers, toll-free tax assistance, classes, and workshops.

**Publication 3207, Small Business Resource Guide CD-ROM.** This CD-ROM contains all of the business tax forms, instructions, and publications needed by small business owners. In addition, the CD-ROM provides other information such as how to prepare a business plan and finding financing for your business.

**Publication 4263A, Small Business Community Slick.** This slick features IRS products for the small business community, including the tax calendar, marketing card, and resource guide.

**Publication 4263B, Tax Avoidance Schemes Slick.** This slick features guides on tax avoidance schemes, including brochures on recognizing illegal tax avoidance schemes and home-based tax avoidance schemes.

**Publication 4263C, E-Submissions Slick.** This slick features guides on e-submissions covering e-file and EFTPS.

**Publication 4263D, Tip Income Reporting Slick.** This slick features a guide on tip

income reporting for employers in the food and beverage industry and for employers in businesses where tip income is customary.

**Publication 4263E, Small Business Tax Workshop Slick.** This slick features ways you can learn the basics — a classroom experience or on-line self-directed learning.

To order any of the above products, call 800-829-3676 or order online at [www.irs.gov](http://www.irs.gov) keyword: smallbiz.

### IRS TAX FORMS AND PUBLICATIONS CD-ROM

You can buy this CD containing current and prior year tax forms and publications from the National Technical Information Service (NTIS). Order by calling toll free 877-233-6767 or via the Internet at [www.irs.gov/cdorders](http://www.irs.gov/cdorders).

### SMALL BUSINESS/ SELF-EMPLOYED DIVISION

The Internal Revenue Service (IRS) is committed to establishing a more customer-focused structure to better meet the needs of the American taxpayers. The Small Business/Self-Employed (SB/SE) Division was formed to address the specific needs of small businesses and self-employed individuals. SB/SE has been instrumental in designing, developing, and delivering educational products and services focused on the needs of small business taxpayers.



### INDIAN TRIBAL GOVERNMENTS (ITG)

The new office of Indian Tribal Governments (ITG) at the Internal Revenue Service was established to help Indian tribal governments address their Federal tax matters. The overall goal of this office is to use partnership opportunities with Indian tribal governments, tribal associations, and other Federal agencies to meet the needs of both the Indian tribal governments and the Federal government and to simplify the tax administration process.

There are five area offices staffed by specialists specifically trained to address issues unique to Indian tribal governments. Visit us at [www.irs.gov/tribes](http://www.irs.gov/tribes) to locate the office nearest you.

### OTHER RESOURCES

Social Security Administration  
800-772-6270  
(Employer Information Line)  
[www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer)

Small Business Administration  
409 3rd Street, SW  
Washington, DC 20416  
800-U-ASK-SBA  
[www.sba.gov](http://www.sba.gov)

S	M	T	W	T	F	S
		1	2 Deposit payroll tax for payments on Oct 26-28 if the semiweekly deposit rule applies.	3	4 Deposit payroll tax for payments on Oct 29-Nov 1 if the semiweekly deposit rule applies.	5
6	7	8	9 Deposit payroll tax for payments on Nov 2-4 if the semiweekly deposit rule applies.	10	11 Veterans Day	12
13	14 Deposit payroll tax for payments on Nov 5-8 if the semiweekly deposit rule applies. Deposit excise taxes for the last 16 days of October.	15 Deposit payroll tax for October if the monthly deposit rule applies.	16 Deposit payroll tax for payments on Nov 9-11 if the semiweekly deposit rule applies.	17	18 Deposit payroll tax for payments on Nov 12-15 if the semiweekly deposit rule applies.	19
20	21	22	23 Deposit payroll tax for payments on Nov 16-18 if the semiweekly deposit rule applies.	24 Thanksgiving Day	25	26
27	28 Deposit payroll tax for payments on Nov 19-22 if the semiweekly deposit rule applies.	29 Deposit excise taxes for the first 15 days of November.	30 Deposit payroll tax for payments on Nov 23-25 if the semiweekly deposit rule applies. File Form 730 and pay the tax on wagers accepted during October. File Form 2290 and pay the tax for vehicles first used in October.			

#### DECEMBER

	1	2	3
4	5	6	7
8	9	10	
11	12	13	14
15	16	17	
18	19	20	21
22	23	24	
25	26	27	28
29	30	31	

# November 2005



### EMPLOYEE BENEFITS

For information on all sorts of retirement plan issues, visit [www.irs.gov/ep](http://www.irs.gov/ep)

## PLAN FOR YOUR FUTURE

### IRA, SEP, AND SIMPLE PLANS

Whether your retirement days are near or far, you should be up-to-date on the types of retirement plans available to you and your employees. The plans you will hear most about are IRAs, SEPs and SIMPLEs.

In addition to providing for your retirement, they may offer significant tax benefits today.

### INDIVIDUAL RETIREMENT ARRANGEMENT (IRA)

IRAs are plans that let you set aside money for your retirement. Banks, financial institutions, mutual funds, and stockbrokers are among those who offer IRA accounts.

**Traditional IRAs.** You can set up this IRA if you are under age 70½ at the end of the year and have taxable compensation greater than or equal to your contribution during the year. Generally, for 2005 you can contribute up to \$4,000 (\$4,500 if you are 50 or older); and it may be tax deductible in full or in part,

depending on your circumstances. The amounts earned by your IRA contributions are usually not taxed until you withdraw the money. Generally, you can't withdraw money from your IRA before you turn age 59½ without paying income taxes and a 10% additional tax.

**Roth IRA.** Regardless of your age, you may be able to set up a Roth IRA. In 2005, you can generally contribute up to \$4,000 (\$4,500 if you are 50 or older) a year depending on your income. This limit is reduced by any contributions you make to a traditional IRA. You can't deduct your contributions, but if certain requirements are met, earnings will be tax-free.

Self-employed people can participate in the following three plans even if their spouses are covered by a plan.

### QUALIFIED PLAN

A qualified plan is one that meets the requirements of the Internal Revenue Code. You can generally contribute more to a qualified plan than to a traditional IRA. For qualified plans, total employer contributions for 2005 can be as much as 100 percent (up to a maximum of \$42,000) of the individual employee's compensation.

### SIMPLIFIED EMPLOYEE PENSION (SEP)

The SEP was specifically designed for small employers and has very few administrative burdens or costs. The employer's contributions (which can be up to 25 percent of the employees' compensation or \$42,000, whichever is less) are made directly to IRAs that the employer sets up for the employees.

### SAVINGS INCENTIVE MATCH PLAN FOR EMPLOYEES (SIMPLE)

Generally, an employer can set up a SIMPLE plan if he or she has 100 or fewer employees and meets several other requirements. A SIMPLE plan is an arrangement under which an employer makes contributions to employees' SIMPLE retirement account. The two types of SIMPLE plans are the SIMPLE IRA and SIMPLE 401(k) plans.

**Check-Up.** Help your retirement plan thrive by taking a "Check-Up" featuring a checklist of some of the basic requirements for operating your plan. Just go to [www.irs.gov/ep](http://www.irs.gov/ep) and click on "Check-Up for Your SEP, SIMPLE or Similar Plan."

See *IRS Publication 560, "Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans),"* and *Publication 590, "Individual Retirement Arrangements (IRAs)"*.



S	M	T	W	T	F	S
				1	2 Deposit payroll tax for payments on Nov 26-29 if the semiweekly deposit rule applies.	3
4	5	6	7 Deposit payroll tax for payments on Nov 30-Dec 2 if the semiweekly deposit rule applies.	8	9 Deposit payroll tax for payments on Dec 3-6 if the semiweekly deposit rule applies.	10
11	12	13	14 Deposit payroll tax for payments on Dec 7-9 if the semiweekly deposit rule applies. Deposit excise taxes for the last 15 days of November.	15 Deposit payroll tax for November if the monthly deposit rule applies. <b>Corporations:</b> Deposit the fourth installment of estimated tax for 2005.	16 Deposit payroll tax for payments on Dec 10-13 if the semiweekly deposit rule applies.	17
18	19	20	21 Deposit payroll tax for payments on Dec 14-16 if the semiweekly deposit rule applies.	22	23 Deposit payroll tax for payments on Dec 17-20 if the semiweekly deposit rule applies.	24
25 Christmas Day	26 (Christmas Day Federal Holiday Observed)	27	28	29 Deposit payroll tax for payments on Dec 21-23 if the semiweekly deposit rule applies. Deposit excise taxes for the first 15 days of December.	30 Deposit payroll tax for payments on Dec 24-27 if the semiweekly deposit rule applies.	31
New Years Day	Thurs, Jan 5, 2006: Deposit payroll tax for payments on Dec 28-30 if the semiweekly deposit rule applies.	Fri, Jan 6, 2006: Deposit payroll tax for payments on Dec 31 if the semiweekly deposit rule applies.	<b>JANUARY</b> 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31			



### VIRTUAL TOUR

For information on small business workshops, industry trends, news alerts, and links to small business resources, visit [www.irs.gov](http://www.irs.gov) keyword smallbiz.



## HELPFUL HINTS

### ONE-ON-ONE HELP FROM THE SOCIAL SECURITY ADMINISTRATION

Employers who need help with general wage reporting information can call the Social Security Administration's Employer Reporting Service Center toll free at 800-772-6270.

For answers to more technical questions, employer service liaison officers are available around the country. They are the experts in wage reporting. They can help solve even the toughest problems. Call 800-772-6270 and ask for the liaison officer for your area.

### OTHER SERVICES AVAILABLE

#### Form W-2 Filing Information

Each year employers must send Copy A of Forms W-2 and W-3 to the Social Security Administration (SSA) by the last day of February (or last day of March if electronically filed) to report their employees' wages and taxes for the previous calendar year.

Employers can now go online to find everything they need to meet their wage reporting responsibilities. Visit [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) for wage reporting information and publications.

#### Electronic Filing of W-2s

Employers and their authorized representatives can now file W-2 reports over the Internet. There are three electronic filing methods available through Social Security's Business Services Web site:

**W-2 Online** – You can complete up to 20 Forms W-2 right on your computer, electronically submit them to SSA, and print copies suitable for distribution to your employees. This option is ideal for businesses with 20 or fewer employees or for individuals with household employees.

**W-2C Online** – Available January 2005, this service is similar to W-2 Online except it allows you to complete up to 20 W-2C (Corrected Wage and Tax Statements). This service can be used regardless of which method was used to submit the original W-2 to SSA.

**Upload a Wage Report** – You can upload a wage report file formatted according to SSA's Magnetic Media Reporting and Electronic Filing for Tax Year 2004 specifications. This option is ideal for any size filer.

Follow these simple steps to get started:

Go to [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) and select "Business Services Online", select "Registration", and follow the instructions. You must register for a Personal Identification Number (PIN) and password. You will receive a PIN number immediately after completing the registration process and a password in the mail in approximately 2 weeks. Next, select "Login" and enter your PIN and password.

Third-party preparers need only register once in their own firm's name. December is the

preferred month for registering. SSA usually begins accepting electronic submissions the first week of January.

Get more information about filing W-2s online in the Business Services Online Handbook. Go to [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) and select "E-Filing Handbook" or call toll-free 800-772-6270.

Internet filing is fast, secure, and economical. It also offers these great features:

- an additional 30 days to file your Federal W-2 reports (until the last day of March);
- more time to spot errors before submission;
- an immediate receipt for your file; the ability to check on the status of your file;
- and a paperless way to file.

### VERIFYING EMPLOYEE NAMES AND SOCIAL SECURITY NUMBERS (SSNs)

The name and SSN listed on each W-2 must match the name and SSN on the employee's Social Security card. This match ensures that the earnings of each worker are properly recorded to their lifetime earnings record. The earnings record is the basis for determining Social Security benefit eligibility and benefit amount.

SSA's free Employee Verification Service (EVS) easily identifies inaccurate name and SSN combinations so they can be corrected before you submit your W-2s to SSA. There are three convenient ways to use the service:

**Up to 5 Names/SSNs** – Call the toll-free number for employers, 800-772-6270, or the general SSA number 800-772-1213. Both numbers are open for service weekdays from 7:00 a.m. to 7:00 p.m., Eastern Time.

**Up to 50 Names/SSNs** – Up to 50 names/SSNs can be submitted on paper to your local Social Security office. Your local office will provide format and submission instructions. Some offices accept faxed listings. Check your local phone book or visit SSA online at [www.socialsecurity.gov](http://www.socialsecurity.gov) to find the nearest office.

**Over 50 Names/SSNs** – A simple registration process is required for verification requests of more than 50 names/SSNs or requests submitted on magnetic media. When SSA processes your registration form and signed privacy act statement, you will be issued a Requester Identification Code needed to submit your data file or paper listing. For details, visit SSA's Web site at [www.socialsecurity.gov/employer/SSNV.htm](http://www.socialsecurity.gov/employer/SSNV.htm).

### SETTING THE RECORD STRAIGHT WITH THE IRS

If you omit some information from your tax return, make an error, or miss a tax-filing deadline, it doesn't have to be a major problem. However, you should take prompt action to set things right.

It can be less expensive and less complicated to correct errors before receiving notices from IRS. Forms you may use to report corrections include:

**Form 941, "Employer's Quarterly Federal Tax Return."** If you make an error in the amount of taxes you withheld from employees, you can make an adjustment on the next return if it is during the same calendar year. Attach Form 941c, "Supporting Statement to Correct Information."

**Form 941C, "Supporting Statement to Correct Information."** Generally, you must fill out this form or a similar statement if the amount of employee wages you reported in a prior period was incorrect. Use this form to make adjustments at any time within 3 years of the return due date or the date the return was filed, whichever is later. (For purposes of the statute of limitations, the due date of each of the Forms 941 filed during a tax year is April 15 of the year following the close of that tax year.) You may also have to file Form W-2c and Form W-3c. Form 941c is never filed separately but, instead, is filed with another form such as Form 941.

**Form W-2c, "Corrected Wage and Tax Statement," and Form W-3c, "Transmittal of Corrected Wage and Tax Statements"**

These forms are used to correct the information about your employees' total earnings and withholdings for the year. You can now access and complete W-2c and W-3c online. See SSA Road Tips above for more information.

**Form 1040X, "Amended U.S. Individual Income Tax Return."** If you made a mistake on your individual tax return, use this form to correct any errors. If you owe tax as a result of error, you should send the additional tax owed with Form 1040X. This will stop additional penalties and interest from accruing on the additional tax owed.

**Form 1065, "U.S. Return of Partnership Income."** If you made a mistake on a partnership return, check the box for "amended return" on Form 1065, then follow the instructions. Give each partner a copy of the amended Schedule K-1.

**Forms 1098 and 1099.** These are examples of information returns. If more information is needed on making corrections to these forms, see the 2004 General Instructions for Forms 1098, 1099, 5498, and W-2G.

**Form 1120X, "Amended U.S. Corporation Income Tax Return."** If you made a mistake on your corporate tax return, use this form. If you owe tax, you should send it in with the form.

**Federal Tax Deposits (FTDs).** You should report the deposited amounts on your 941 quarterly payroll tax return. Correct any mistakes as soon as possible. Deposits can be made through the Electronic Federal Tax Payment System (EFTPS) online at [www.eftps.gov](http://www.eftps.gov) or by calling 800-555-4477. If you are not required to make your deposits electronically, be sure to include a Form 8109 (the FTD coupon) with each deposit you deliver or mail to an authorized institution.

**A Notice from the IRS: What Should You Do?** If you get a notice of any kind from the IRS, open it, read it, then do something about it. Most notices include a deadline for your response, so it's important to be prompt.

If you have questions about the notice, most notices include instructions on how to get more information.

The IRS writes to people for many reasons. Examples include:

- Your notice may request information that was missing from your tax return;
- If your notice is about an examination or audit, you will be asked to produce certain information for the examination at a specified time and place; or
- Your notice may ask for payment of a tax bill.

Examples of other notices include:

**CP 102:** A math error was found on certain forms (such as Forms 941, 943, or 945 return) that you filed, and the IRS believes you owe more tax.

**CP 138:** The tax you overpaid on one tax return was applied to another tax return where you owed tax.

**CP 165:** Your check for your FTD or estimated taxes was returned. This notice asks for the payment, plus a bad check penalty.

**CP 205:** You used the wrong taxpayer identification number on your FTD coupon.

Whether or not you agree with the notice, call or write the person listed on the notice before the deadline. It is important to let the IRS know that you received the notice and that you are doing something about it.

Putting off contacting the IRS, especially in the case of notices requesting payment, can increase the amount you owe because penalties and interest keep accruing. The IRS Web site now has information to help you better understand some of our notices. You can reach the IRS Web site at [www.irs.gov](http://www.irs.gov) keyword: smallbiz.

## TAX PUBLICATIONS

The IRS produces many free publications to help you fill out your tax return and to answer your tax questions. Many IRS publications and forms can be downloaded from the IRS Web site at [www.irs.gov](http://www.irs.gov) or ordered free by calling 800-829-3676. You can buy a CD-ROM of current and prior year tax forms and publications from the National Technical Information Service (toll free 877-233-6767 or at [www.irs.gov/cdorders](http://www.irs.gov/cdorders)). You can also get forms via fax at 703-368-9694 (not toll-free).

The following are the most popular business publications.

**Pub. 1, *Your Rights as a Taxpayer***, explains your rights at each step in the examination and collection process.

**Pub. 15, *Circular E, Employer's Tax Guide***, explains your tax responsibilities, including the requirements for withholding, depositing, reporting and paying employment taxes.

**Pub. 15-A, *Employer's Supplemental Tax Guide***, supplements Circular E and contains information on specialized topics such as employee classification and sick pay. It also contains alternative methods and tables for figuring income tax withholding.

**Pub. 15-B, *Employer's Tax Guide to Fringe Benefits***, supplements Circular E and Publication 15-A, and contains detailed information on the employment tax treatment of fringe benefits.

**Pub. 51, *Circular A, Agricultural Employer's Tax Guide***, explains your tax responsibilities for withholding, depositing, reporting, and paying employment taxes on agricultural (farm) workers.

**Pub. 583, *Starting a Business and Keeping Records***, provides basic Federal tax information for people who are starting a business. It also provides information on keeping records and provides an example of a record-keeping system.

**Pub. 587, *Business Use of Your Home (Including Use by Daycare Providers)***, explains rules for figuring and claiming a deduction for business use of your home and what expenses may be deducted.

**Pub. 590, *Individual Retirement Arrangements (IRAs)***, explains the tax rules that apply to IRAs, including IRAs that are part of SEP and SIMPLE plans.

**Pub. 595, *Tax Highlights for Commercial Fishermen***, is intended for sole proprietors who use Form 1040 (Schedule C or C-EZ) to report a profit or loss from fishing. It highlights some special tax rules that apply to the trade or business of fishing.

**Pub. 598, *Tax on Unrelated Business Income of Exempt Organizations***, explains the unrelated business income tax provisions that apply to most tax exempt organizations that regularly operate a trade or business that has little or no relationship to its exempt purpose.

**Pub. 908, *Bankruptcy Tax Guide***, discusses the Federal income tax aspects of bankruptcy including tax return filing requirements for the individual and for the bankruptcy estate.

**Pub. 910, *IRS Guide to Free Tax Services***, identifies the many IRS tax materials and services that are available and where they can be obtained.

**Pub. 911, *Direct Sellers***, provides information on figuring income from direct sales and identifies deductible expenses. A direct seller is a person who sells consumer products on a person-to-person basis, such as door-to-door, at sales parties, or by appointment in someone's home.

**Pub. 925, *Passive Activity and At-Risk Rules***, discusses how the passive activity and at-risk rules may limit the losses taxpayers can deduct on their tax return.

**Pub. 225, *Farmer's Tax Guide***, identifies the kinds of farm income that must be reported and the different deductions that can be taken.

**Pub. 334, *Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ)***, explains federal tax laws that apply to sole proprietorships.

**Pub. 378, *Fuel Tax Credits and Refunds***, explains the credits or refunds of the Federal excise taxes allowable for certain fuels. It also discusses the alcohol fuels credit.

**Pub. 463, *Travel, Entertainment, Gift, and Car Expenses***, explains which business-related expenses for travel, entertainment, gifts, and car expenses are deductible and how to report them.

**Pub. 505, *Tax Withholding and Estimated Tax***, discusses the two methods of paying Federal taxes by individuals, i.e., tax withholding and estimated tax. It also explains how taxpayers can take credit on their returns for withheld and estimated taxes.

**Pub. 509, *Tax Calendars for 2005***, lists specific due dates for filing tax forms, paying taxes and taking other required actions.

**Pub. 510, *Excise Taxes for 2005***, covers in detail the various Federal excise taxes reported on Forms 11-C, 720, and 730. These include environmental taxes; taxes on communications and air transportation; fuel taxes; manufacturers taxes; taxes on vaccines; retail taxes on heavy trucks, trailers, and tractors; ship passenger taxes; and the tax on wagering. It briefly describes other excise taxes and which forms to use in reporting and paying the taxes.

**Pub. 939, *General Rule for Pensions and Annuities***, provides instructions and actuarial tables for figuring the tax-free portion of pension or annuity payments from nonqualified plans and certain qualified plans.

**Pub. 946, *How To Depreciate Property***, explains how a taxpayer can recover the cost of business or income-producing property through deductions for depreciation.

**Pub. 947, *Practice Before the IRS and Power of Attorney***, discusses who can represent a taxpayer before the IRS and what forms may be used to authorize a person to represent a taxpayer.

**Pub. 954, *Tax Incentives for Distressed Communities***, is a publication for business owners who want to find out if they qualify for certain tax incentives.

**Pub. 966, *Electronic Choices for Paying All Your Federal Taxes***, is a thorough overview of different EFTPS payment methods.

**Pub. 1244, *Employee's Daily Record of Tips and Report to Employer***, is a handy record that employees receiving tip income may use to document their daily tips and report them to their employer.

**Pub. 1542, *Per Diem Rates (For Travel Within the Continental United States)***, is for employers who pay a per diem allowance to employees for business travel away from home. The publication gives the maximum per diem allowance an employer can use without treating part of the per diem allowance as wages for tax purposes.

**Pub. 1544, *Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business)***, explains the requirement to file Form 8300. Persons in a trade or business must file a Form 8300 when they receive cash payments of more than \$10,000 from an individual. It also discusses the penalties for not filing the Form 8300.

**Pub. 1546, *The Taxpayer Advocate Service—How to Get Help With Unresolved Tax Problems***, describes the role of the Taxpayer Advocate Service, discusses who may use the Taxpayer Advocate Program, and provides information about contacting a Taxpayer Advocate.

**Pub. 533, *Self-Employment Tax***, explains what self-employment tax is; why, how and who must pay it; and how to report it on your tax return.

**Pub. 535, *Business Expenses***, discusses common business expenses and explains what is and is not deductible.

**Pub. 536, *Net Operating Losses (NOLs) for Individuals, Estates, and Trusts***, discusses how to figure a NOL, when to use a NOL, how to claim a NOL deduction, and how to figure a NOL carryover.

**Pub. 537, *Installment Sales***, discusses the rules that apply to installment sales.

**Pub. 538, *Accounting Periods and Methods***, explains some of the rules for adopting or changing accounting periods and methods.

**Pub. 541, *Partnerships***, explains how the income tax laws apply to partnerships and to partners.

**Pub. 542, *Corporations***, discusses the income tax laws that apply to corporations.

**Pub. 544, *Sales and Other Dispositions of Assets***, explains how to figure gain or loss on the sale, exchange or other disposition of business or personal use property. It defines capital and non-capital assets and the tax effects of different types of gains and losses.

**Pub. 547, *Casualties, Disasters, and Thefts (Business and Non-Business)***, explains how to treat casualty and theft losses. It also explains how to figure and prove a loss and how to treat the reimbursement received from insurance or other sources.

**Pub. 551, *Basis of Assets***, explains how to determine the cost or other basis of property for tax purposes.

**Pub. 3425, *4 Easy Ways to Use EFTPS***, used to educate tax practitioners, accountants, and payroll companies on the use and convenience of using the Electronic Federal Tax Payment System (EFTPS).

**Pub. 3959, *The Convenient Way to Learn About EFTPS CD-ROM***, provides information to tax practitioners, taxpayers, and financial institutions on the flexibility and many uses of EFTPS. This publication is also used as a marketing tool at the IRS Nationwide Tax Forums, seminars, and trade shows.

**Pub. 3998, *Choosing A Retirement Solution for Your Small Business***, provides an overview of retirement plans available to small businesses with a handy chart showing key features and benefits of common retirement plans. It was designed and produced in conjunction with the U.S. Department of Labor, U.S. Small Business Administration, and U.S. Chamber of Commerce.

**Pub. 4048, *FTD Penalty Stuffer***, a 6-panel brochure that encourages taxpayers to enroll in the EFTPS Program, where they may receive a special refund and avoid future penalties.

**Pub. 4118, *Lots of Benefits***, is an introductory brochure that highlights the benefits of retirement plans to both businesses and employees. It also discusses the four "stages" in the life cycle of a retirement plan.

**Pub. 4131, *EFTPS and e-file Fact Sheets***, used to advise taxpayers of the benefits of filing and paying electronically.

**Pub. 4132, *EFTPS Online Fact Sheet***, used by the field personnel to educate and promote the use of EFTPS-Online and other payment options to taxpayers, practitioners, and financial institutions.

**Pub. 4169, *EFTPS Primer for Tax Practitioners***, an educational tool for Tax Professionals to educate them on the benefits and use of the EFTPS payment methods to make federal tax payments electronically for their business and individual clients.

**Pub. 552, *Recordkeeping for Individuals***, discusses why a taxpayer should keep records, what kinds of records to keep, and how long to keep them.

**Pub. 553, *Highlights of 2004 Tax Changes***, highlights tax law changes that take effect in 2004, 2005, and later years.

**Pub. 556, *Examination of Returns, Appeal Rights, and Claims for Refund***, discusses general rules and procedures that IRS follows in examinations. It explains what happens during an examination and a taxpayer's appeal rights. It also explains how to file a claim for the refund of tax already paid.

**Pub. 557, *Tax-Exempt Status for Your Organization***, explains the rules and procedures that apply to organizations seeking exemption from Federal income tax under section 501(a) of the Internal Revenue Code.

**Pub. 560, *Retirement Plans for Small Business***, discusses SEP, SIMPLE, and Qualified plans that a small business owner, including a self-employed individual, can set up for employees.

**Pub. 564, *Mutual Fund Distributions***, explains the tax treatment of distributions paid or allocated to an individual shareholder of a mutual fund, and explains how to figure gain or loss on the sale of mutual fund shares.

**Pub. 575, *Pension and Annuity Income***, explains how to report pension and annuity income from a qualified plan; how to figure the taxable part of lump-sum distributions from pension, stock bonus, or profit-sharing plans; and how to roll over distributions from a qualified retirement plan.

**Pub. 4222, *401(K) Plans for Small Businesses***, highlights the advantages of 401(K) plans and important issues to consider when establishing and operating these plans. It was designed and produced in conjunction with the U.S. Department of Labor.

**Pub. 4224, *Retirement Plan Correction Programs***, is a tri-panel pamphlet describing the retirement plan correction programs offered by the IRS, U.S. Department of Labor and Pension Benefit Guaranty Corporation.

**Pub. 4283, *e-filing Your Form 1065, U.S. Return of Partnership Income***, a 4-panel brochure covering the benefits of e-filing Form 1065.

**Pub. 4284, *SIMPLE-IRA Plan Checklist***, is a one-page checklist highlighting some of the basic requirements of a SIMPLE-IRA Plan. The product is geared to the small business owner.

**Pub. 4285, *SEP Checklist***, is a one-page checklist highlighting some of the basic requirements of a SEP Plan. The product is geared to the small business owner.

**Pub. 4286, *SARSEP Checklist***, is a one-page checklist highlighting some of the basic requirements of a SARSEP Plan. The product is geared to the small business owner.

**Pub. 4300, *Something New for 1065 Partnerships***, a 2-sided flyer covering the benefits of Form 1065 filing.

**Pub. 4301, *Electronic Filing Options for Tax Professionals***, a 4-color drop-in article for tax professionals to include in their newsletters and mailings.

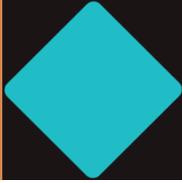
**Pub. 4321, *EFTPS Information Kit for Tax Professionals***, this kit includes all the EFTPS enrollment forms, brochures, product catalog order card, and CD-ROM.

**Pub. 4405, *Have You Had Your Check-Up This Year?***, is a tri-panel pamphlet designed to inform and encourage employers to perform a periodic "check-up" of their IRA-based retirement plan through the use of checklists, and how to initiate corrective actions if necessary.



## SPEEDY EXCHANGE

These free publications and related forms may be downloaded from [www.irs.gov](http://www.irs.gov) or order by calling 800-829-3676.



# Your Service Station

## CONSIDER IT DONE

### IRS ASSISTANCE VIA THE INTERNET WEB SITE

The IRS Web site allows convenient access to information 24 hours a day, 7 days a week. The Web site provides everything from information about electronic filing and paying to tax forms (with instructions), publications, and important tax information for individuals and businesses. You can reach the IRS Web site at [www.irs.gov](http://www.irs.gov).

### THE ELECTRONIC FEDERAL TAX PAYMENT SYSTEM (EFTPS)

EFTPS is the most efficient, preferred method to pay all federal taxes – including estimated taxes and installment payments and replacing paper with Federal Tax Deposit (FTD) coupons and vouchers. EFTPS is a secure, easy, convenient, and accurate way to meet business and individual taxpayer needs. The Department of Treasury provides all materials and software for EFTPS free of charge. EFTPS also offers taxpayers flexible payment options either online or by phone. Taxpayers can make their payments day or night – 7 days a week, 24 hours a day. EFTPS also allows you to schedule tax payments up

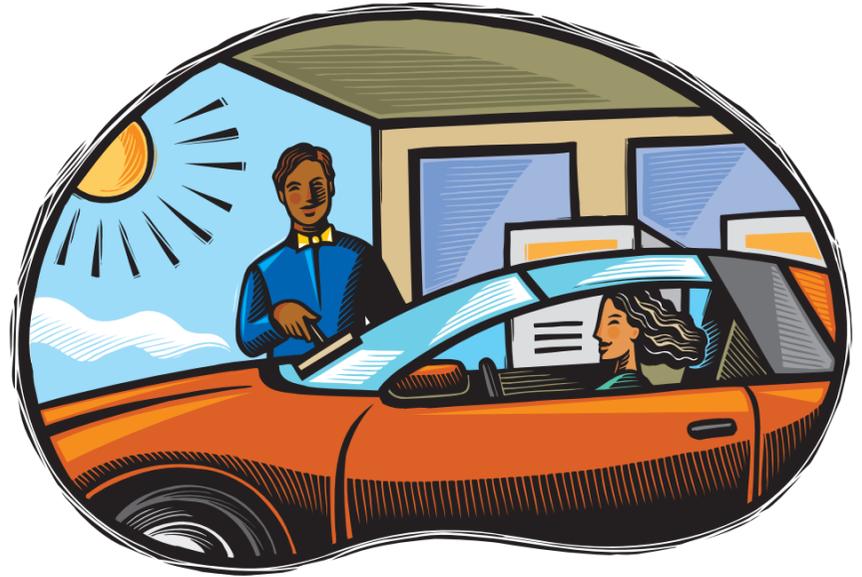
to 120 days in advance for businesses or 365 days in advance for individuals. Sixteen months of payment history can be viewed online and with each transaction an EFTPS Acknowledgement number is provided as a receipt. To enroll or receive additional information, visit [www.eftps.gov](http://www.eftps.gov) or call EFTPS Customer Service at 800-555-4477.

### IRS TAX FAX

Using your fax machine, you can receive forms and instructions by calling 703-368-9694. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.

### TELETAX

TeleTax (800-829-4477) is the IRS toll-free telephone service that provides recorded tax information and automated refund information. About 150 recorded topics provide basic tax information. For the directory of topics, listen to topic 123. This Touch-Tone service is available 24 hours a day, 7 days a week. It's also available in Spanish.



### TAX FORMS AND PUBLICATIONS

To order IRS tax forms and publications, call 800-829-3676.

### TAX ASSISTANCE

Individual taxpayers can call 800-829-1040. Business taxpayers can call the Business and Specialty Tax Line at 800-829-4933.

### SMALL BUSINESS MAIL LIST

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## 2006

### JANUARY

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### APRIL

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### JULY

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### OCTOBER

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### FEBRUARY

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### MAY

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### AUGUST

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### NOVEMBER

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### MARCH

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### JUNE

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### SEPTEMBER

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### DECEMBER

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