



Business, Financial, & Tax Services

MARCH 2019 NEWSLETTER

Reminders for March

March 10: Daylight Saving Time begins

March 15: Partnership and S corporation tax returns due (Forms 1065, 1120S)

Are your 2018 Tax Returns done?

Already filed – great! If not, are you planning to go on extension?

If you need our help, or need an appointment with Diana to get started, remember returns are due mid-April.

Businesses: File on Time or Pay the Price!

March 15 is the tax-filing due date for calendar year S-corporations and partnerships. While this filing deadline does not require making a tax payment, missing the due date could cost you a hefty penalty.

The penalty is calculated based on each partial month the tax return is late multiplied by each shareholder or partner. So, a tax return filed 17 days late with no tax due could cost a married couple who jointly own a small S-corporation \$800 in penalties.

Here are some ideas to help you avoid penalties:

File on time. If you are a partner or shareholder of an S-corporation or partnership, file your company's tax return on or before March 15. In addition to the penalties, filing late shortens the time you have to file your individual tax return and pay the taxes due by April 15.

Consider an extension. If you cannot file the tax return in time, file an extension on or before March 15. An extension gives you six months to file and you do not owe the tax until your Form 1040 tax return due date of April 15.

Your personal tax return may be delayed. Do not file your Form 1040 tax return until you receive all your K-1s from each of your S-corporation and partnership business activities.

Be prepared — If the business files an extension, it's possible you may need to extend your personal tax return while you wait for the K-1. This does not extend the due date for paying taxes owed.

Challenge the penalty. While you may not be successful, it doesn't hurt to try to abate the penalty. This is especially true if you file and pay your personal taxes on time. Kindly remind the US Treasury it is still receiving the taxes owed to them in a timely manner.

If you haven't filed your S-corporation or partnership return for 2018, there's still time to get it done or file an extension. Please call if you need assistance.

Seven Common Missing Tax Return Items
and why we strongly recommend using the tax organizer we provide to all our clients

Want your tax return filed quickly and without error? Then double-check this list of items that are often overlooked. These missing items often cause delays in getting your tax return filed:

1. **Forms W-2 and 1099.** Using last year's tax data we provide in your organizer as a checklist, make sure all your W-2s and 1099s are received and applied to your tax return. Missing items will be caught by the IRS mismatch program. All these forms are required to be in the mail to you on or before Jan. 31. If you are missing a form, contact the company responsible for issuing them.
2. **Form 1095-A.** If you have health insurance through the Health Insurance Marketplace, you will need this form to complete your taxes and potentially claim the Premium Tax Credit. The deadline for employers to distribute other versions of Form 1095 is March 4.
3. **Dependent information.** If you add a new dependent in 2018, provide the name, Social Security number and birth date to have them added to your tax return. If you have a dependent that shares time with someone else, discuss the plan for who is going to claim them. Your tax return cannot be filed if there is conflict in this area.
4. **Cost/basis information.** If you sold any assets (typically investments or real estate), you need to know the cost/basis amount to calculate your taxable capital gain. Check your investment statements to ensure that your broker includes the required information.
5. **Schedule K-1s.** As an owner of a partnership or S-corporation, you will need to receive a Form K-1 that reports your share of the profit or loss from the business activity. Because of the new qualified business income deduction (QBID), businesses are required to report more information this year. When you receive your K-1, pay special attention to box 17 (codes V through Z) for S-corporations and box 20 (codes Z through AD) for partnerships. This is where QBID information is included. Without this, you cannot file your tax return.
6. **Forms or documents with no explanation.** If you receive a tax form, but have no explanation for the form, questions will arise. For instance, if you receive a retirement account distribution form it may be deemed income. If it is part of a qualified rollover, no tax is due. An explanation is required to file your information correctly.
7. **Missing signatures.** Both you and your spouse need to review and sign the e-file approval forms before the tax return can be filed. The sooner you review and approve your tax return, the sooner it can be filed.

By knowing these commonly missed pieces of information, hopefully your tax filing experience will be a smooth one.

Chan CPA Social Media – Blogs

Because of ever changing tax regulations and reforms, Diana is continuing to add pertinent video blogs for a variety of subjects to social media. You can also see them on our website:

www.chancpa.com

Thought for the month:

Keep your face always toward the sunshine and shadows will fall behind you. Walt Whitman

This newsletter provides business, financial, and tax information to clients and friends of our firm. General information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us to schedule a meeting or teleconference so we can clarify any questions you may have.