

HANTZ TITUS URBANSKI, LLC

Tax & Business Consultants

www.hantzgroup.com

www.toledocpa.com

1540 S Holland-Sylvania Rd Maumee, Ohio 43537
phone: (419) 866-6000 fax: (419) 866-6984

4401 Rockside Rd Suite 404 Independence, Ohio 44131
phone: (216) 520-1210 fax: (216) 520-1215

4860 Robinhood Dr Willoughby, Ohio 44094
phone: (440) 942-2810 fax: (440) 942-4235

January 6, 2011

Dear Client,

The recently enacted Small Business Jobs Act of 2010 includes a wide-ranging assortment of tax changes generally affecting small business. To offset a portion of the cost of the various tax breaks and incentives in the Act, Congress beefed up certain reporting requirements and penalties, in the hope that the added requirements will generate revenue and lead to more effective tax collection. Here are the details of the new reporting requirements.

Information reporting required for rental property expense payments. For payments made after Dec. 31, 2010, the new law requires persons receiving rental income from real property to file information returns with IRS and service providers reporting payments of \$600 or more during the year for rental property expenses. Exceptions are provided for individuals renting their principal residences (including active members of the military), taxpayers whose rental income doesn't exceed an IRS-determined minimal amount, and those for whom the reporting requirement would create a hardship (under IRS regs).

Increased information return penalties. For information returns required to be filed after December 31, 2010, the penalties in the tax code for failure to timely file information returns to IRS will be increased. For example, the first-tier penalty will be increased from \$15 to \$30, and the calendar year maximum will be increased from \$75,000 to \$250,000. For small filers, the calendar year maximum will be increased from \$25,000 to \$75,000 for the first-tier penalty. The minimum penalty for each failure due to intentional disregard will be increased from \$100 to \$250. The penalties for failure to file information returns to payees will be similarly increased.

I hope this information is helpful. If you would like more details about any aspect of the new legislation, please do not hesitate to call.

Sincerely,

HANTZ TITUS URBANSKI, LLC.
Tax and Business Consultants

Putting The Solutions Together®

A Strategic Partner of **HANTZ TAX & BUSINESS, LLC**