



Weiss & Associates
Small Business Advisors, Accounting, Tax & Planning

Newsletter

APRIL 2012

April 17 is a red letter day in the tax world

Tuesday, April 17, is the deadline for filing certain returns and taking certain tax-related actions. Here are the major deadlines.

- Filing 2011 income tax returns for individuals. If you cannot file your return by this deadline, be sure to file an extension request by April 17. The automatic extension (you don't need to explain to the IRS why you need more time) gives you until October 15, 2012, to file your return. An extension does not, generally, give you more time to pay taxes you still owe. To avoid penalty and interest charges, taxes must be paid by April 17. (See article below for penalty relief available to qualifying taxpayers.)
- Filing 2011 partnership returns for calendar-year partnerships.
- Filing 2011 income tax returns for calendar-year trusts and estates.
- Filing 2011 annual gift tax returns.
- Making 2011 IRA contributions.
- Paying the first quarterly estimate of 2012 individual estimated tax.
- Amending 2008 individual tax returns (unless the 2008 return had a filing extension).
- Original filing of 2008 individual income tax return to claim a refund of taxes. Some taxpayers have tax refunds due them for prior years, and unless a return is filed to claim the refund by the three-year statute of limitations, the refund is lost forever.

IRS expands “Fresh Start” program for those who owe taxes

Taxpayers who are struggling to pay their taxes may get some relief from the IRS's expansion of its "Fresh Start" initiative, a program started back in 2008. The new Fresh Start provisions provide penalty relief to the unemployed and make installment agreements on taxes owed available to more people.

Normally, a failure-to-pay penalty of one-half of one percent per month, up to a 25% maximum, is charged for overdue taxes. The "Fresh Start Penalty Relief" initiative gives eligible taxpayers a six-month extension to fully pay 2011 taxes – that is, until October 15, 2012, before the penalty begins to apply. Interest of 3% will still be assessed starting from April 17, 2012.

The penalty relief is available to workers who have been unemployed at least 30 consecutive days during 2011 or 2012 and to self-employed individuals who experienced a 25% or larger reduction in business income in 2011 due to the economy. Income limits apply: the relief is not available to singles with adjusted gross income over \$100,000 or to couples with income over \$200,000. Also, taxes due cannot exceed \$50,000.

The Fresh Start program also changes the eligibility threshold for streamlined installment agreements from \$25,000 to \$50,000 and increases the maximum term from five to six years.

For details or assistance, contact our office.

Consider better ways to use your tax refund

What are you going to do with your federal income tax refund this year? Instead of spending the money on things you don't really need – like a bigger flat screen TV or the latest smart phone – you might put a sizeable refund to better use. Here are a few suggestions.

1. Pay down debt. Improve your overall financial situation by reducing the amount of any outstanding debts beginning with high-interest rate credit card balances.
2. Contribute to an IRA. For 2012, you can contribute up to \$5,000 (\$6,000 if you're age 50 or over) to any combination of traditional and Roth IRAs. Contributions to a traditional IRA may be wholly or partially tax-deductible, while Roth IRAs can provide tax-free payouts in the future.
3. Save for your children's education. Investigate the options, such as tax-favored Section 529 plans.
4. Build an emergency fund. Set aside some money that will be available in case of emergencies.

Take steps to build a better business

Business owners focus a lot of attention on building better products. When their products are hot, the company does well, despite other shortcomings. Certainly, new and better products are essential, but focusing on building a better business – one that readily adapts to change and quickly responds to crisis may be even more important. How can you build a better business? Consider the following strategies.

- Manage capital needs. Growing businesses have an appetite for capital. Two ideas for managing capital are outsourcing some processes and managing existing capacity more effectively.
- Identify the right product and customer mix. Having the products customers want at the time they want them and in the number, color, location, and quantity they need, is a challenge. Get continuous feedback from customers to help you get your mix just right.
- Actively develop and maintain a network that keeps you in the mind of suppliers, present customers, and future customers.
- Every business has an opportunity to distinguish itself by doing something better than its competitors. Providing the best service, shortest cycle time, most variety, or best quality requires

procedures that can deliver every day to every customer. Improving your processes to deliver what no competitor is delivering to customers is a key strategy in building a better company.

- Use your employees wisely. Encourage sharing of knowledge and skills. Continuously develop and train people. Measure individual performance and reward achievement and good ideas.

Building a better business requires more than a good product. Take the steps necessary to make sure your business will thrive in an ever-changing world.

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