



Summer 2010

Please keep the following dates in mind:

- **May 17, 2010** - Filing deadline for nonprofits' Form 990.
- **June 15, 2010** - Second quarterly estimated payment due for taxpayers making estimated tax payments
- **June 30, 2010** - End of second quarter for payroll. Form 941 will be due Aug. 2. State and city form due dates vary.
- **August 2, 2010** - Employer's Form 941 due.
- **August 16, 2010** - Filing deadline for Form 990, as extended.
- **September 15, 2010** - Third quarterly payment due for taxpayers making estimated tax payments

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Information in this newsletter is deemed accurate, but not guaranteed.

Clifford's Notes



Erroneous IRS Notices!

Have you received an IRS notice stating that the IRS has changed your Making Work Pay Credit or Earned Income Credit? You are not alone. The IRS has admitted that IRS computers

miscalculated thousands of taxpayers' credits and generated notices in error.

If you have received an IRS notice, contact your tax preparer immediately. Do not cash any unexpected

refund checks until your preparer reviews the IRS notice. Your preparer will help you take steps to respond to the IRS notice and help you obtain your correct credit amount.

Who is Your MCO? By Kevin Monty

Does your business or church pay into Worker's Compensation? Do you know who will handle your case if one of your employees submits a claim? If you have not selected a Managed Care Organization (MCO) to handle your case, the state will assign one to you. You should consider selecting an MCO, regardless of the size of your business, so that you know whom you will be working with and be confident that your case is in good hands. You do not have to pay anything to have an MCO, and a good MCO can help you ensure that your Worker's Com-

pensation rates do not increase because of a claim. You may select or change your MCO once every two years. This year the selection period is open **May 1 through 28**. You may select your MCO without charge by completing and signing a simple one-page application.

We recommend Aultcomp to serve as your MCO. You do not need to have Aultcare insurance to use Aultcomp as your MCO. Aultcomp has a proven track record of helping employers quickly resolve claims and efficiently facilitating treatment, rehabilitation, and return to

work. Aultcomp sends a representative to your location to help you and your employee(s) walk through the claim process.



The Ohio BWC 2009 MCO Report Card gave Aultcomp high scores for timing, turnaround, and optimal return to work.

We can meet with you at your church or business to answer your questions and help you complete the necessary paperwork. Please contact our office today.



Have questions about life insurance or health insurance? We can help. Contact us today.



To claim mileage you must be able to prove the following:

- Total miles driven during the year
- Date of each business trip
- Miles for each business use of your car
- Business destination of each trip
- Business purpose of each trip



Please take the time to complete our online survey. Your responses help us to better serve you.

www.sharetheharvest.com/survey.htm

Is Your Reimbursement Plan Hurting You? By Rebecca Shull, MSA, CPA

The IRS categorizes reimbursement plans into the following two types:

1. Accountable Plans

Employees under an accountable plan must turn in logs and receipts to substantiate their expenses at least every 60 days. The employer only reimburses substantiated expenses. The employee does not receive any monies remaining in the reimbursement fund at year-end. Reimbursements under an accountable plan are tax-free to employees and do not appear on Form W-2.

2. Nonaccountable Plans

Reimbursements under a nonaccountable plan are taxable income to employees and should be included in box 1 of Form W-2. The employee must itemize to claim business expenses on his or her tax return. Expenses are claimed as a miscellaneous deduction on Schedule A subject to a threshold of 2% of adjusted gross income. Clergy are subject to an additional limitation, called the "Deason Rule." The Deason Rule states that the percentage of unreimbursed expenses that are attribut-

able to housing (housing ÷ total ministry income) are not deductible.

For example, consider the cases of Pastor A and Pastor Z in the illustration below. Pastor A's church has an accountable plan, so Pastor A receives reimbursement of \$4,000, tax-free. Pastor Z receives a \$4,000 travel allowance from his church under a nonaccountable plan. The allowance is taxable income included in box 1 of Pastor Z's Form W-2 from the church. Note that Pastor Z ends up paying **substantially more taxes**.

INCOME:	Pastor A	Pastor Z	
Salary	\$20,000	\$20,000	
Housing	10,000	10,000	
Nonaccountable Travel Allowance		4,000	
Total Income	\$30,000	\$34,000	
Adjusted Gross Income (AGI)	\$17,880	\$21,880	
EXPENSE:			
Mileage	8,000	8,000	
IRS 2010 Reimbursement Rate Per Mile	0.50	0.50	
Clergy Mileage Expense	\$4,000	\$4,000	
Accountable Reimbursement (Tax Free!)	\$4,000		
29% Disallowed by Deason Rule (10000/34000)		1,160	
		2,840	
2% of AGI Threshold		438	
Itemized Deduction		\$2,402	
TAXES:			
Self-Employment Tax	\$4,239	\$4,239	
Federal Income Tax	861	1,461	
State Tax	237	363	
City Tax	400	480	
Total Tax if Unable to Itemize	\$5,737	\$6,543	\$806
Total Tax if \$13,000 of Other Itemized Deductions	\$5,000	\$5,366	\$366