

## HAGA Newsletter

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### Words of Wisdom

*The United States has a huge budget deficit, so taxes are going to have to go up. And I certainly agree that they should go up more on the rich than everyone else. That's just justice.*  
– Bill Gates



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### Important Dates



- January 31:** Payroll tax returns, W-2s, 1099s & 1098s Due  
**January 31:** Huntsville Business Licenses Due  
**February 2:** Groundhog Day  
**February 12:** Lincoln's Birthday  
**February 14:** Valentine's Day  
**February 20:** President's Day

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## Changes in Accounting Standards on the Horizon

by [Rachel Bowers, CPA](#)

Though very few new accounting standards will take effect in 2012, several major changes to financial reporting are in the works. Standards that are under development include changes to revenue recognition, accounting for leases, and accounting for financial instruments. These changes are due to the convergence of the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB).

The FASB/IASB joint project on revenue recognition is expected to create a common revenue recognition standard that would join US GAAP and IFRS and apply to all industries and transactions. The standard is expected to eliminate the transaction and industry specific revenue recognition guidance under US GAAP and improve comparability for revenue recognition across industries.

The FASB/IASB joint project on leases expects to address the US GAAP policy which results in off-balance sheet treatment of obligations by lessees and the criticism that US GAAP standards are overly complex and allow creative structuring of leases to avoid balance sheet recognition by lessees. Under the proposed standard, all leases would result in asset and liability recognition, except for possibly very short-term leases.

The FASB/IASB joint project on financial instruments intends to address all aspects of accounting for financial instruments including classification, measurement, impairment, presentation within comprehensive income, and hedging. All entities that have financial instruments would be affected by the proposed standard. However, the degree of impact would depend upon the significance of financial instruments to the entity's operations and financial position as well as the entity's business strategy.

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## **Business Tax News**

Trading computer services for auto repair is fine but follow the IRS rules for bartering products & services. [#tax](http://go.usa.gov/k96)

Free resources for small business owners on retirement plans <http://go.usa.gov/Bf7>

5,000 Alabama nonprofits lost tax-exemption for not filing with IRS. Learn about keeping your nonprofit tax-exempt.

Don't be Scammed by Cyber Criminals posing as IRS. [go.usa.gov/RN7](http://go.usa.gov/RN7)

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## **Three More Days**

by [Brad Garland, CPA](#)

I remember life as a college student, when a deadline for a research paper or group project would be met with dread, late nights and caffeine. An extension of that deadline, however short or brief, was always welcomed by the class as a sign that fate (and the professor) wasn't always cruel. This year, the IRS has given individual taxpayers the ability to feel this torrent of emotions all over again. Although we recommend delivering your tax info early, you have been blessed with three additional days this tax season.

First, the traditional deadline of April 15th falls on a Sunday. This would normally push the deadline to the 16th, a Monday. However, the Washington, D.C.-only holiday *Emancipation Day* is on the 16th, thus pushing the tax deadline to the 17th, a Tuesday.



But wait, there's more! The year 2012 - in addition to being a presidential election year, the restart of the Mayan calendar, London's Summer Olympics and a disappointing disaster movie - is a Leap Year, so the transitory Leap Day of February 29th makes an appearance. Though this day exists to correct the 1/4 day by which our 365-day year is out of sync with the Earth's trip around the sun, for accountants it provides one more day to our tax season.

So this tax season, as the 15th approaches ever closer, don't forget about your three-day extension. That's three more days to gather your financial records, contribute to your IRA, or just kick back and contemplate the many benefits of caffeine.

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### **Individual Tax News**

Taxes and the State of the Union <http://t.co/8zWXWHNK>

The Form 2848 Power of Attorney has changed. Be sure you are signing the new version (rev Oct 2011) when seeking tax advice.

'The Descendants' a hit with Golden Globes crowd, estate attorneys  
(via [@TaxTweet](https://twitter.com/TaxTweet)) <http://fb.me/1v9nExiy1>

Congress Kicks the Can for Two More Months -- <http://bit.ly/ryax5X>(via [@joebwan](https://twitter.com/joebwan)) tax

Top 10 IRS tips to ensure a smooth tax-filing process in 2012 [go.usa.gov/Nh1](http://go.usa.gov/Nh1)

Find out how 2011 tax law changes may benefit you. <http://go.usa.gov/RO0>.

Soda Tax Could Turn Health Profit <http://www.scientificamerican.com/podcast/episode.cfm?id=soda-tax-could-turn-health-profit-12-01-10>

Lindsay Lohan hit with \$93,000+ IRS lien - via [@taxtweet](https://twitter.com/taxtweet)  
[http://dontmesswithtaxes.typepad.com/dont\\_mess\\_with\\_taxes/2012/01/lindsay-lohan-hit-with-93000-irs-lien.html](http://dontmesswithtaxes.typepad.com/dont_mess_with_taxes/2012/01/lindsay-lohan-hit-with-93000-irs-lien.html)

6 Things to Do While Waiting for Your W-2 via [@kgeldis](https://twitter.com/kgeldis)  
<http://www.mainstreet.com/article/moneyinvesting/taxes/6-things-do-while-waiting-your-w-2>

Are Pirate Ransoms Tax-Deductible? <http://www.freakonomics.com/2012/01/20/are-pirate-ransoms-tax-deductible/> via [@freakonomics](https://twitter.com/freakonomics)

Joe Paterno's estate tax mistake <http://t.co/p9ORw8Ho>

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## Information Reporting for S-Corporation Owners

by [Derek Morgan](#)

An important item that is often only mentioned one time a year is the special rule in effect for shareholders who own more than 2% of an S-Corporation. If the S-Corporation pays for the shareholder's health insurance premiums, IRS rules implemented in 2009 state that the expense cannot be deducted unless the amount paid is included in the shareholder's box 1 wages. This means, for the average S-Corporation, that if the health insurance premiums paid are not included in box 1 wages for the shareholder's W-2, the expense is considered non-deductible, thereby increasing income. If it is added to Box 1 wages, the shareholder then is allowed to deduct the expense on the 1040, resulting in the same treatment traditionally enjoyed on these deductions. Please review information reports carefully before they are filed. If you have any questions, or would like help on these issues, please contact our tax professionals at your convenience.

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## Firm Announcements

Join us in welcoming **Zack Singleton** & **Amanda Kruse** to the firm. **Zack Singleton** will be helping out the Governments Contracts department, while **Amanda Kruse** will be working with the Audit & Tax departments.





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