



E-Verify, Another Tool for Employers When Verifying Their Employees' Right to Work.



The Immigration Reform and Control Act (IRCA) of 1986 prohibits employers from knowingly hiring illegal workers. To comply with this law, all U.S. employers must complete and retain a Form I-9, Employment Eligibility Verification, for each individual they hire for employment in the United States. This includes citizens and noncitizens.

E-Verify is an Internet-based system that compares information from an

employee's Form I-9, Employment Eligibility Verification, to data from the U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility. It is the only service that verifies the employees' data against millions of government records and provides results within seconds.

More than 225,000 employers across the United States use E-Verify to check the employment eligibility of their employees.

Participation in E-Verify is voluntary for most businesses, but some companies may be required by state law to use E-Verify. Each state has different laws in effect about verifying an

employee's status. The State of Nevada, for example, does not require the use of E-Verify, however under AB383 there is a provision for administrative fines for those business licensees that are found to employ illegal aliens. Under this same bill verification of an employee's social security number is required. (To learn more about individual state requirements please visit www.lawlogix.com/i-9-and-e-verify-compliance/state-map).

Layton Layton & Tobler LLP has set up an account whereby it can perform an e-verify cases for its clients. If you would like more information on signing up for e-verify or having us perform the task please contact our office.

IRS Increases Mileage Rate for Final Six-Months of 2011

The IRS has increased the optional standard mileage rates for the final six months of 2011. The optional business rate has increased to 55.5 cents a mile for all business miles

driven from July 1, 2011, through December 31, 2011.

The new six-month rate for computing deductible medical or moving expenses increased to 23.5 cents a mile.

The rate for providing services for charitable organizations is set by statute, and remains at 14 cents a mile.

Important Notice:

- THE ITEMS INCLUDED IN "FOCUS" ARE INFORMATIONAL ONLY AND ARE NOT MEANT AS TAX ADVICE.
- ALWAYS CONSULT YOUR TAX ADVISOR TO DETERMINE HOW ANY ITEM APPLIED TO YOUR SITUATIONS.

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The U.S. Tax Court Clarifies Rules for Anybody Deducting Unreimbursed Charitable Expenses of \$250.00 or More.

The U.S. Tax Court has made a ruling about the treatment of volunteers' unreimbursed expenses for 1.55 million IRS-recognized charities. The Tax Court allowed Jan Van Dusen to take a charitable deduction for expenses she incurred while taking care of the cats in her home for an IRS-approved charity, Fix Our Ferals. Among the expenses she deducted were: food, veterinarian bills, litter, a portion of utility bills, and other items such as paper towels and garbage bags.

The Tax Court also clarifies rules for anybody deducting unreim-

bursed charitable expenses of \$250 or more by stating specifically, the taxpayer must keep records of expenses and the charity must write a letter acknowledging the gift. The letter must detail the amount of the donation and affirm that no goods or services were provided in connection with this gift — unless, of course, the taxpayer did receive something in return.

If he or she received goods or services — a dinner, perhaps, or a tote bag with favors — then the letter should say what it was and how much it was worth, plus the net

deduction allowed.

The taxpayer also must have the letter in hand by the tax return's filing date, although it may be sent by email.

Two-Year Limit No Longer Applies to Many Innocent Spouse Requests

The Internal Revenue Service announced that it will extend help to more innocent spouses by eliminating the two-year limit that now applies to certain relief requests effective immediately.

The IRS launched a thorough review of the equitable relief provisions of the innocent spouse program earlier this year. Policy and program changes with respect to that review will become fully operational in the fall and additional guidance will be forthcoming. However, with respect to expanding the availability of equitable relief:

- The IRS will no longer apply the two-year limit to new equitable relief request or requests currently being considered by the agency.
- A taxpayer whose equitable relief request was previously denied solely due to the two-year limit

may reapply if the collection statute of limitations for the tax years involved has not expired. Taxpayers with cases currently in suspense will be automatically afforded the new rule and should not reapply.

- The IRS will not apply the two-year limit in any pending litigation involving equitable relief, and where litigation is final, the agency will suspend collection action under certain circumstances.

Existing regulations, adopted in 2002, require that innocent spouse requests seeking equitable relief be filed within two years after the IRS first takes collection action against the requesting spouse. The time limit was designed to encourage prompt resolution while evidence remained available.

By law, the two-year election period for

seeking innocent spouse relief under the other provisions of section 6015 of the Internal Revenue Code, continues to apply. The normal refund statute of limitations also continue to apply to tax years covered by any innocent spouse request.

Available only to someone who files a joint return, innocent spouse relief is designed to help a taxpayer who did not know and did not have reason to know that his or her spouse understated or underpaid an income tax liability.

Voluntary Worker Classification Settlement Program

In September 2011, the Internal Revenue Service (IRS) launched a new program that will enable many employers to resolve past worker classification issues and achieve certainty under the tax law at a low cost by voluntarily reclassifying their workers.

The program known as The Voluntary Classification Settlement Program or VCSP will allow employers the opportunity to get into compliance by making a minimal payment covering past payroll tax obligations rather than waiting for an IRS audit.

Under the program, eligible employers can obtain substantial relief from federal payroll taxes they may have owed for the past, if they prospectively treat works as employees. The VCSP is available to many business,

tax-exempt organizations and government entities that currently erroneously treat their workers or a class or group of workers as nonemployees or independent contractors, and now want to correctly treat these workers as employees.

To be eligible, an applicant must:

- Consistently have treated the workers in past as nonemployees,
- Have filed all required Forms 1099 for the workers for the previous three years
- Not currently be under audit by the IRS, the Department of Labor or a state agency concerning the classification of these workers

Interested employers can apply for the program by filing Form 8952, Appli-

cation for Voluntary Classification Settlement Program, at least 60 days before they want to begin treating the workers as employees.

Employers accepted into the program will pay an amount effectively equaling just over one percent of the wages paid to the reclassified workers for the past year. No interest or penalties will be due, and the employers will not be audited on payroll taxes related to these workers for prior years. Participating employers will, for the first three years under the program, be subject to a special six-year statute of limitations, rather than the usual three years that generally applies to payroll taxes.

Federal Unemployment Tax Act (FUTA) Decrease

The Federal Unemployment Tax Act (FUTA) , with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and a state unemployment tax. The employer is responsible for paying the FUTA tax, it is not withheld from the employee's wages.

Prior to July 1, 2011 the FUTA rate was 6.2%. On July 1, 2011 the FUTA tax rate decreased to 6.0%. The tax applies to the first \$7,000 (the federal base wage) you

pay to each employee as wages during the year. Your state wage base may be different.

Generally, you can take a credit against your FUTA tax for amounts you paid into state unemployment funds. The credit could be as much as 5.4% of FUTA taxable wages. If you are entitled to the maximum 5.4% credit, the FUTA tax rate after credit was 0.8% prior to and 0.6% as of July 1, 2011. You are entitled to the maximum credit if you paid your state unemployment taxes in full, on time, and

on all the same wages as are subject to FUTA tax, and as long as the state is not determined to be a credit reduction state.

In some states, the wages subject to state unemployment tax are the same as the wages subject to FUTA tax; however, certain states exempt some types of wages from state unemployment tax even though they are subject to FUTA tax. In such a case, you may be required to deposit more than 0.8% (0.6% as of July 1, 2011) FUTA tax on those wages.

Changes to Modified Business Tax

The 2011 Legislative Session eliminated the Modified Business Tax on any "General Business" with \$62,500 or less in taxable wages per calendar quarter, after health care deductions. The rate for any taxable wages for "General Business" above the \$62,500 per calendar quarter remains at 1/17%, after health care deductions.

A tax return will still need to be filed for

any business reporting as a General Business, even if taxable wages are less than \$62,500, and tax due is \$0. Any business classified as Financial Institutions are not affected.

This change is effective July 1, 2011 for period ending September 30, 2011. The correct tax rates will display based on the period end date selected. This return

will calculate penalty and interest based on the Date Paid field. For returns with a period end date of April 30, 2007 and after, the penalty calculation changes to a graduate scale.

"Focusing on opportunities beyond the numbers"



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New Requirements for Business License Exemption Effective August 2011

Title 7 entities claiming a statutory exemption from the State Business License fee are required to attach a completed, notarized supplemental form to the initial or annual list of officers. This new form is called the Declaration of Eligibility for State Business License Exemption.

For your convenience we have attached a Declaration of Eligibility for State Business License Exemption form that needs to be sent to the Secretary of State along with the list of officers when your list is due. If this declaration is not completed, notarized and attached the filing will

be rejected and may result in late fees. Since each entity renews at a different time during the year, you will have to locate that date and add this form to your file.

Online filing of the List of Officers requiring the Declaration of Eligibility is not available.

Unclaimed Property Filing Deadline

November 1st is the deadline to report to the state any unclaimed property or the negative report if you have no unclaimed property. This report can be

completed online or printed from the State of Nevada website.

A copy of the form is attached for your review.

If you need assistance completing this form, or would like us to complete the form for you, please contact our office at 702-384-1995.