

# Cohen Smith & Company, P.A.

## NEWSLETTER



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### **Tax Advantages For Businesses**

#### **Sales and Use Tax Exemptions**



#### **New or Expanding Manufacturing Business**

- Applies to property that has depreciable life of 3 years or more.
- Machinery for a new business must be ordered before the start of productive operations and received within 12 months.

- Expanding manufacturing businesses must show a minimum 10% increase in productive output. Eligible entities can file for a sales tax refund for manufacturing equipment placed in service 2010 or 2011. For more information, contact Florida Office of Tourism, Trade and Economic Development at (850) 487-2568.

### **Electricity Purchased for Manufacturing**

- Exemption is available only to businesses classified under certain SIC Industry Major Group Numbers (typically manufacturing companies and agricultural operations) that use 50% or more of the electricity to operate qualifying machinery and equipments.
- 100% exemption if 75% or more of the electricity is used to operate qualifying machinery and equipment.
- 50% exemption if less than 75% but 50% or more of the electricity is used to operate qualifying machinery and equipment.

For more information contact Florida Department of Revenue taxpayer services at 800-352-3671.

### **Florida's Enterprises Zone Program**

#### **Enterprise Zone Jobs Credit**

- Businesses that increased the number of full-time employees from the average of the previous 12 months, or added at least five new full-time employees, are eligible for the credit.
- The new employees may be leased employees.
- Credit is allowed for up to 24 consecutive months.
- Credit is limited to the amount due on each return. No refund or carry-forward is allowed.
- Amount of credit depends on employee category and the percentage of full-time employees who are residents of a Florida enterprise zone.
- A business cannot claim the credit against sales and use tax if it has already claimed it for corporate income tax.

### **Business Property Use in an Enterprise Zone (Refund)**

- Eligible property includes office and warehouse equipment, and some industrial machinery and equipment.
- Property must be used only in an enterprise zone for at least 3 years.
- Refund is subject to a minimum and maximum dollar amount.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.

### **Electrical Energy Used in an Enterprise Zone (Exemption)**

- Exemption for municipal utility taxes for up to 5 years.
- Percentage of exemption may be increased from 50% to 100% based on the percentage of full-time employees who are residents of a Florida enterprise zone.

### **Building Material Used in the Rehabilitation of Real Property Located in an Enterprise Zone**

- Eligible recipient may be one of the following: owner, lessee, lessor, nonprofit community-based organization, city, county or other government organization.
- Amount of refund is subject to a minimum and maximum dollar amount.
- Maximum refund amount may be increased based on the percentage of permanent, full-time employees who are residents of a Florida enterprise zone.
- Only one refund is allowed for each parcel of real property.

## Florida's Minimum Wage



The Florida minimum wage is \$7.31 per hour, effective June 1, 2011.

Florida law requires the Agency for Workforce Innovation to calculate an adjusted minimum wage rate each year. The annual calculation is based on the percentage change in the federal Consumer Price Index for urban wage earners and clerical workers in the South Region for the 12-month period prior to September 1, 2010.

On November 2, 2004, Florida voters approved a constitutional amendment which created Florida's minimum wage. The minimum wage applies to all employees in the state who are covered by the federal minimum wage.

Employers must pay their employees the hourly state minimum wage for all hours worked in Florida. The definitions of "employer," "employee," and "wage" for state purposes are the same as those established under the federal Fair Labor Standards Act (FLSA). Employers of "tipped employees" who meet eligibility requirements for the tip credit under the FLSA, may count tips actually received as wages under the Florida minimum wage. However, the employer must pay "tipped employees" a direct wage. The direct wage is calculated as equal to the minimum wage (\$7.31) minus the 2003 tip credit (\$3.02), or direct hourly wage of \$4.29 as of June 1, 2011.

Employees who are not paid the minimum wage may bring a civil action against the employer or any person violating Florida's minimum wage law. The state attorney general may also bring an enforcement action to enforce the minimum wage. FLSA information and compliance assistance can be found at:

[www.dol.gov/dol/compliance/comp-flsa.htm](http://www.dol.gov/dol/compliance/comp-flsa.htm).

Florida Statutes require employers who must pay their employees the Florida minimum wage to post a minimum wage notice in a conspicuous and accessible place in each establishment where these employees work. This poster requirement is in addition to the federal requirement to post a notice of the federal minimum wage. Florida's minimum wage poster is available for downloading in English and Spanish from the Agency for Workforce Innovations' website at:

[www.floridajobs.org/workforce/posters.html](http://www.floridajobs.org/workforce/posters.html).

The federal poster can be downloaded from the U.S. Department of Labor's website at:

[www.dol.gov/whd/compliance/posters/flsa.htm](http://www.dol.gov/whd/compliance/posters/flsa.htm).

## IRS Delays W-2 Health Care Cost Reporting



The Internal Revenue Service has delayed mandatory reporting of employer-sponsored health coverage information on employee Forms W-2 for smaller businesses. Interim guidance states:

- There is an **option** reporting requirement for employers that file **less than 250 Forms W-2 for the tax year 2011** (which will be issued in January 2012).
- There is a **mandatory** reporting requirement for tax year 2012 for employers that file 250 or **more Forms W-2 for tax year 2011** (which will be issued January 2012).
- Employers do not have to issue W-2s to individuals who would otherwise not receive a W-2 (e.g., COBRA recipients, retirees, etc.).
- The amounts of employer-sponsored health coverage reported are **only informational**. They are not taxable.

## **Charitable Contributions**

Charities depend on others to support them in serving the public for various causes and purposes. Many charitable organizations use donations wisely, while others may spend a considerable portion of your contribution on administrative expenses or additional fundraising efforts.

Some may misrepresent their fundraising intentions or solicit for phony causes. With this in mind, it's important to know who you're donating your money to and where it's going.



All Charities soliciting within the State of Florida (excluding religious, educational and governmental entities) are required to register and file financial information with the Department. The Florida Department of Agriculture has created a Gift Givers' Guide; a one-stop guide to charitable giving that reports the financial data for charities registered in the State of Florida. Consumers are able to find out whether or not a charitable organization is properly registered and how that organization spends the donation that it does receive. The Gift Givers' Guide is available online and can be accessed at [www.800helpfla.com](http://www.800helpfla.com). For those without access to the internet, simply contact a member of the Consumer Assistance Center at 1-800-HELP-FLA (435-7352).

### **Know who you're donating to**

Never give to a charity you know nothing about. Request written literature and possibly even a copy of the charity's financial report. If a charity does not provide you with the information you request, you may want to think twice about donating. It's also important not to judge a charity solely on an impressive sounding name. Many organizations have names similar to well-known charities and organizations.

### **Know where your dollars are being spent**

It is up to the charitable organization to decide how they wish to spend their donations. However, it's important to do research to discover how much of your donation goes for general administration and fundraising expenses and how much is left for the program services you want to support.

### **Avoid high-pressure tactics**

Do not let yourself be pressured into contributing on the spot. Some solicitors use pressure tactics, and may even offer to send a "runner" to pick up your money. Reputable charities and organizations are just as happy to receive your gift tomorrow as today.

### **Beware of charities offering gifts**

Direct mail solicitations are often accompanied by greeting cards, address stickers, calendars, key rings or other forms of gifts. Charities do this because it can be an incentive to donors. But do not feel that you have to make a contribution to keep these "gifts." It is against the law for a charity to demand payment for any unordered merchandise. Ask if you can donate directly to an organization and forego the gifts. The organization will then have a large percentage of the contribution to use for its programs.

### **"Tax Exempt" does not always mean donations will be "Tax Deductible."**

Not all charities soliciting in the name of benevolence are eligible to receive tax-deductible contributions. "Tax exempt" means the organization does not have to pay taxes. "Tax deductible" means the donor can deduct contributions to the charity on his/her federal income tax return. If in doubt, request a copy of the charity's tax exempt letter. If the charity does not have a tax exempt letter indicating its status with IRS, you cannot legitimately claim your contribution as a tax deduction.



### **Keep good records**

For tax purposes, you will need to keep a record of all your contributions of any amount. Be sure to obtain a receipt or printed copy of your donation so you will have a record for use on your taxes. Never give your credit card number to a telephone solicitor and don't pay by cash. Pay by check and make it payable to the charity itself, not the fundraiser or telemarketer calling "on behalf of" the charity.

### **The Do Not Call List does not apply to Charities**

While charitable organizations are exempt from the provisions of the "Do Not Call" statute, if a third-party telemarketer is calling on behalf of a charity, a consumer may ask not to receive any more calls from, or on behalf of, the specific charity. If a third-party telemarketer calls again on behalf of that charity it would constitute a violation of the federal government's Telemarketing Sales Rule. In this scenario, the telemarketer may be subject to a fine of up to \$16,000.



## **TAX CALENDAR**

### **MAY 2011**

#### **May 2**

If you have employees, a federal unemployment tax (FUTA) deposit is due if the FUTA liability through March 31 exceeds \$500.

The first quarter Form 941 (Employer's Quarterly Federal Tax Return) is also due today (except that you have until May 10 to file if you deposited all taxes for the quarter when they were due).

Employers must file Form UCT-6 with the Florida Department of Revenue.

#### **May 10**

**Employees who work for tips.** If you received \$20 or more in tips during April, report them to your employer. You can use Form 4070.

#### **May 17**

**Employers.** For Social Security, Medicare, withheld income tax and nonpayroll withholding, deposit the tax for payments in April if the monthly rule applies.

## **JUNE 2011**

#### **June 10**

**Employees who work for tips.** If you received \$20 or more in tips during May, report them to your employer. You can use Form 4070.

#### **June 15**

**Individuals.** Make a payment of your 2011 estimated tax if you are not paying your income tax for the year through withholding (or will not pay in enough tax that way). Use Form 1040-ES. This is the second installment date for estimated tax in 2011. For more information, see Publication 505.

**Employers.** For Social Security, Medicare, withheld income tax, and nonpayroll withholding, deposit the tax for payments in May if the monthly rule applies.

**Corporations.** Deposit the second installment of estimated income tax for 2011. A worksheet, Form 1120-W, is available to help you estimate your tax for the year.

#### **Other helpful line services**



[www.IRS.gov](http://www.IRS.gov) [www.MyFlorida.com](http://www.MyFlorida.com) &  
[www.Volusia.org](http://www.Volusia.org)