

IT'S A WRAP!



As you close the books on 2016, you should begin planning ahead to set yourself up for success. At Condon and Company, we believe knowledge is key for successful tax preparation, and we make it our mission to ensure you are an informed taxpayer. Our highly experienced tax advisors have compiled a checklist of specific actions that will make filing your 2016 taxes easier and could save you tax dollars.

2016 YEAR-END TAX CHECKLIST FOR BUSINESSES

Depreciation Deductions.

For tax years beginning in 2016, the Sec 179 expensing limit is \$500,000 and the investment ceiling limit is \$2,010,000. Businesses also should consider making expenditures that qualify for 50% bonus first year depreciation if purchased and placed in service this year.

Domestic Production Activities Deduction.

If your business qualifies for the domestic production activities deduction (DPAD) for the 2016 tax year, consider whether the 50%-of-W-2 wages limitation on that deduction applies. If it does, consider ways to increase 2016 W-2 income, e.g., by bonuses to owner-shareholders whose compensation is allocable to domestic production gross receipts. Note that the limitation applies to amounts paid with respect to employment in calendar year 2016, even if the business has a fiscal year.

Changes to C corporation Due Dates.

Effective beginning with 2016 tax returns, the due date for C corporation calendar-year and fiscal-year returns has been moved back one month to the 15th day of the fourth month following the corporation's year end. A six month extension is available for fiscal-year-end corporations and for calendar-year-end corporations. A five month extension is available through 2025 and a six month extension for years after 2025. Special rules apply for corporations with a June 30 year end.

Accelerated filing deadlines for W-2 / 1099 Forms.

Beginning with the 2016 tax year, the due dates for filing Forms W-2, W-3 and certain forms 1099-MISC in 2017 have been moved up to January 31 from February 28. Form 1099-MISC is now due to the IRS by January 31 when a business is reporting nonemployee compensation payments in box 7. Otherwise, a business has until February 28, if filing by paper, and March 31, if filing electronically.

Accelerate or Defer Income?

A corporation should consider accelerating income from 2017 to 2016 if it will be in a higher bracket next year. Conversely, it should consider deferring income until 2017 if it will be in a higher bracket this year.

FinCEN Due Date.

Effective for 2016 and later returns, the filing deadline for the Report of Foreign Bank and Financial Accounts has moved up from June 30 to April 15. FBAR filers can request a six-month extension. The filing deadline for taxpayers abroad is automatically extended until June 15, with an additional four-month extension available until October 15.

Changes to Partnership Due Dates.

Partnership tax returns are now due on the 15th day of the third month following the partnership's year end. For 2016, calendar-year partnership returns are due March 15, 2017. Partnerships are now eligible for a six-month extension (as opposed to previous 5-month extension), which makes the extended due date the same as under prior rules.

Late Filing of Information Returns-Increased Penalties.

Late filing of Forms 1099, W-2, 1098 for tax years beginning in 2016:

- Less than 30 days late-\$50 per return, maximum fine of \$186,000
- Over 30 days but filed before Aug 1-\$100 per return, maximum penalty of \$532,000
- Filed after Aug 1 or not at all-\$260 per return, maximum penalty of \$1,064,000
- Returns not filed due to intentional disregard of the rules-\$530 per return, unlimited maximum penalty

If you have questions about whether certain planning opportunities would benefit your business, give us a call. We are here to help you identify the opportunities that help you meet your strategic goals and get a jump-start on your 2016 taxes. When you need a true partner in tax, financial and transaction advisory services, **meet your ally** in Condon.



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