

Client Bulletin



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your trust in recommending
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Volume XXVIII, No. 4

May 31, 2011

Form 1099 Reporting Requirements Repealed

The Patient Protection and Affordable Care Act and the Small Business Jobs Act enacted in 2010 required, in 2011, corporations to file with the IRS information returns reporting payments made to vendors and service providers exceeding \$600 annually and, in 2012, rental property owners to do similar reporting to the IRS. However, the President recently signed the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011, which repealed these information reporting requirements. Hence, corporations no longer need to require vendors and service providers who were anticipated to provide \$600 or more of goods or services to the corporation in a year to complete and return Forms W-9 giving the vendor's or service provider's Social Security number or employer identification number.

Sole Proprietorships-The Danger and the Alternative

In the past when a single individual starts a small business, with or without employees, more likely than not the business is started as a sole proprietorship. The danger of a sole proprietorship is that the sole proprietor is personally liable for all debts and other obligations of the business and puts at risk his or her home and all other personal assets.

To avoid this danger today, by obtaining the limited liability protection provided by a corporation or limited liability company, there is a simple and economical alternative—a single member limited liability company (LLC). For income tax purposes, a single member LLC is a “disregarded entity.” A “disregarded entity” does not have to have its own Taxpayer Identification Number (TIN), instead using the Social Security Number of the sole member, and does not have to file a separate tax return. Rather, income and expenses of the single member LLC are reported on a schedule to the member's tax return, just like with a sole proprietorship. Under Ohio law, a single member LLC can have a short “written declaration” setting forth the essential governance terms and formalities to be followed, rather than a more formal “operating agreement.”

Anyone operating any business or endeavor as a sole proprietorship should seriously consider becoming a single member LLC.

Continued . . .

Saturday, June 11, Noon to 8 p.m.—Council for Older Adults Summer Festival

The Council for Older Adults (COA) annual summer festival for 2011 will again be at the COA's facilities at 800 Cheshire Road. Manos, Martin, Pergram & Dietz is proud to again be a sponsor of the summer festival, and will have a booth at the festival. Stop by and see us.

MANOS, MARTIN,
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Dennis Pergram to Speak at the Delaware Area Chamber of Commerce

On Tuesday, June 14, 2011, Dennis Pergram will be speaking at the Delaware Area Chamber of Commerce offices on the topics of performance appraisals and discipline (what to say and how to say it when evaluating your employees to avoid issues and protect yourself.).

Dennis Pergram to Speak Ohio Association of Elementary School Administrators (OAESA) Professional Conference

Dennis Pergram will be one of the speakers at the Ohio Association of Elementary School Administrators Professional Conference being held on June 16 and June 17, 2011 at the Greater Columbus Convention Center. Denny will be speaking to administrators about school law issues.

Visit us on the web
www.mmpdlaw.com

Congratulations:

To Re/Max Premier Choice for being listed as #8, based on the number of Central Ohio transactions in 2010, in Business First's ranking of the top 25 residential real estate agencies. Re/Max Premier Choice has four offices with 70 agents.

To Zenios Michael Zenios of 3 Pillar Homes, LLC, who was honored on May 26, 2011 in Business First's class of 2011 "Forty under 40."

To attorney Thomas Whitney, Senior Vice President and General Counsel of The Delaware County Bank & Trust Company, for being a finalist in Business First's Top Corporate Counsel Awards.

To Ohio Transmission Corp., which ranked, by 2010 company revenue, 38th on Business First's listing of Central Ohio privately held companies. OTC is an industrial distributor of pumps, compressors and electric power transmission products. Phil Darrow is President and CEO of OTC, which was founded in 1963.

Notice

This bulletin provides general information and is not legal advice. Please contact us if you need legal advice.

If you have friends or associates who you think would enjoy receiving a copy of this Client Bulletin, please feel free to forward it on. Thank you.