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CKR Financial Services

monthly journal

HELPING OUR CLIENTS GAIN THE ADVANTAGE OVER THE COMPETITION

It's a good time of year to remind business owners to start getting documentation in order for the new year. This month, we're going to talk all about:

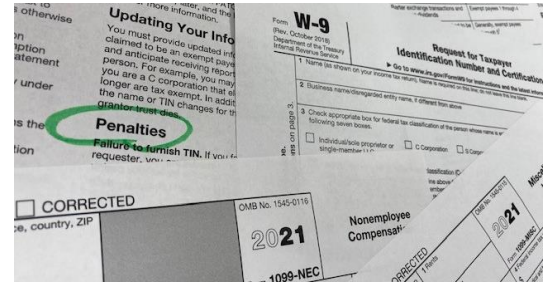
The W-9!

Anytime a business has a vendor (individual or business) that provides \$600 or more in goods and services, the business needs to issue a 1099 to said vendor and report those earnings to the IRS. How does this involve the W-9?

What is it? A W-9 is a tool to obtain the correct taxpayer identification number (TIN) from an individual or business. The (TIN) may be a social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN). This number is associated with the amount reportable on an information return such as 1099-INT, 1099-NEC, 1099-DIV, 1099-MISC, 1099-K, just to name a few. You may only use Form W-9 if you are a US person (including a resident alien), to

provide your correct TIN. If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding.

Why is it important to me? Without the information provided on the W-9, it is difficult to create a 1099 for the vendor. As the IRS continues to enforce 1099 compliance by small businesses, the risk of not filing these forms is too great. In fact, the IRS requires you to answer these two questions on all federal income tax returns: 1-Did the company make any payments in (year) that would require it to file Form(s)1099? 2- If "yes", did or will the company file required Form(s)1099? By responding to these questions, you are indicating (under penalty of perjury) that your tax return is accurate and complete – including the 1099 filing. Late filing of mandatory 1099s could lead to penalties ranging from \$50 to \$270 per 1099, with



a maximum of \$1,113,00 a year for your small business!

It is important to note that if you have paid for these services with a credit card, a Form 1099 is not required, so a W-9 is not needed. Why? The credit card merchant services provides a 1099-K to the vendor that takes the responsibility off of the business.

How can I get Form W-9 from vendors? Have them fill out while issuing their check. Believe us, it's much easier to get it on the front end than it is after the work is done. There are always vendors who do not want to fill out forms because 1-they do not want to declare the income and prefer to be paid under the table, or 2-they don't have the credentials because they could not get them, either via citizenship (SSN) or corporation (other valid TIN's. Compliance isn't an option, it's a must!

PRESSURE



It takes a great amount of pressure to turn a lump of coal into a diamond. If you're feeling the pressure as a business owner, look for opportunity on the other side. Continue to be constructive, do the things you know to do, seek advice from good people, and take a small break every now and then. If you can't go out of town for Labor Day, maybe have a cookout with family or book a session at Massage Envy. Little breaks can help take your mind off the pressure.



IRS Delays...Still

We're hearing of more and more delays from the IRS. From delayed refunds to taxpayers still waiting for their stimulus checks! People are frustrated, and some are taking their irritation out on the wrong folks. Your accountant didn't make this mess. LOL! But let's talk about it!

Where to start? The IRS admits that it is woefully behind in processing returns and refunds. There are clients waiting on refunds and even stimulus checks who keep checking the IRS portal but do not have any answers. They have tried calling the IRS but only about 10 per cent of those calls get answered, many just hear the phone ring and ring.

What happened? Not to keep making excuses, but the pandemic happened and disrupted services. IRS staff were sent home just like many other American businesses. When they were brought back, they weren't brought back in full and had the additional duties of 3 rounds of stimulus checks plus changing tax laws. We had clients with tax returns correctly calculated and digitally filed in February, only for the tax law to change in

March and be made retro-active, so their return was held up for months and recalculated manually by the IRS. Finally, they received their refund, but it had been reduced by the new tax law calculations and the client was left wondering if it was reduced because of incompetence or error. It was neither.

There are news articles weekly describing the IRS delays and lack of services available to taxpayers to get their refunds to them more quickly or even just to get in touch with an IRS representative for answers. Some of my clients have been waiting since March for their refund or stimulus check and there's nothing I can do to help them further because the IRS is backlogged with 15.6 to 35 million unprocessed tax returns (depending on which source

you refer to) and, contrary to popular belief, just because I process and submit tax returns, we do not have an "in" at the IRS that can advise or update us. It ends up being a very frustrating waiting game.

Additionally, the IRS is kicking out computer-generated notices that don't seem to correlate with what's happening with the backlog. We get notices from clients where the IRS is saying their tax return is unfiled and they are going to take action where we have proof of their return being electronically filed and accepted. This has been an ongoing inconvenience and frustration for our clients and for us, as well. We do our job, and then our clients get notices that chip away at our integrity and trust. It's been frustrating all around.

"I never have considered myself a perfectionist, but I do think of myself as a 'professionalist'...I always strive simply to be my very best."

DOLLY PARTON

Reminder:



Estimated Tax Payments are DUE September 15!

Extended Corporate Tax Returns are DUE September 15!

Extended Personal Tax Returns are DUE October 15!

Halloween is October 31!

"No one is useless in this world who lightens the burdens of another."

-Charles Dickens

"IRS Troubles?"

1-For refund info, log in to <https://www.irs.gov/refunds> and click the blue button "Check My Refund Status".

2-Got a notice from the IRS, contact us ASAP. These are time sensitive and need immediate attention.

3-Although notices are time-sensitive, the IRS works from its own clock, and they are running behind this year. It started with COVID and they never caught up. So, your automated letters are going out but responses to real letters seem to take forever.



CKR FINANCIAL SERVICES

HOW CAN WE HELP YOU?

WE HAVE BOOKKEEPING, PAYROLL PROCESSING, HR-ON-DEMAND, TIMEKEEPING PRODUCTS, AND TAX PREPARATION SERVICES.

IF WE DON'T DO IT, WE CAN REFER SOMEONE WHO DOES.

Your Partner in All Things Business

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