



MIRONOV

MIRONOV, SLOAN & PARZIALE, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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ANDREW W. APPOW, CPA, CVA

December 13, 2010

Dear Client:

Bonuses

Bonuses paid to shareholders and to any related parties (i.e. spouses, children, etc.) by their controlled corporation must be paid before the corporate year end in order to be deductible against corporate profits. This is for both federal and state purposes. Control is defined as owning more than 50 percent of the stock of a "C" corporation and any stock of an "S" corporation.

Bonuses not paid by year end are deductible when paid.

Accrued bonuses and vacation pay for non-shareholder employees should be paid by the fifteenth day of the third month after the year end.

Health insurance premiums paid by S corporations on behalf of shareholders must be included on the shareholder's W-2 to be deductible. Health insurance premiums paid by partnerships or LLCs (two member LLCs or greater) must be reported as guaranteed payments and be reported on the partners'/members' K-1 to be deductible.

Interest on Officer/Shareholder Loans

Interest on Officer/Shareholder loans should also be paid prior to December 31, 2010.

-----VERY IMPORTANT-----

LIFO 12th-Month Statement Estimate

If you are using the LIFO inventory valuation method, the December 31, 2009 LIFO reserve MUST be adjusted to the estimated LIFO reserve for December 31, 2010 on the 12th-month financial statement.

W-2 Demo Value

Do not forget to compute the value of the demos being used by employees, family members, etc. This amount must be added to the W-2s.

Consult your Mironov, Sloan & Parziale accountant if you have any questions.

Very truly yours,

Mironov, Sloan & Parziale

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December 13, 2010

Dear New Jersey Client:

Effective January 1, 2011:

You should be receiving shortly a new "Circular E" from the Internal Revenue Service shortly. For your information, please note the following updated information for 2011:

The base for social security earnings has remained unchanged at \$106,800. The rate for both employers and employees will be 1.45% for Medicare hospital insurance and 6.2% for old age survivor and disability insurance for a total FICA tax of 7.65%. Maximum withholding on social security will be \$6,621.60 (6.2% x \$106,800). The maximum earnings subject to Medicare hospital insurance are unlimited.

There is no change in the Federal unemployment Tax base. The rate is .8%, and the base is \$7,000 for a maximum of \$56 (.8% x \$7,000). This is an employer tax only.

401(k) salary deferral limits remain unchanged at \$16,500 for employees under age 50 and \$22,000 for employees age 50 or older.

The base wages for New Jersey subject to SUI, SDI and Family Leave have decreased from \$29,700 to \$29,600. The employee withholding rates for unemployment insurance, disability and the new Family Leave Insurance Act are as follows:

SUI	.425%	Maximum contributions (\$29,600 x .00425) \$125.80
SDI	.500%	Maximum contributions (\$29,600 x .00500) \$148.00
FLA	.060%	Maximum contributions (\$29,600 x .00060) \$17.76

Total employee contributions (\$125.80 + \$148.00 + \$17.76) = \$291.56

New Jersey's minimum wage is \$7.25.

New Jersey Client
December 13, 2010
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Withholding Requirement for 1099s

As of January 1, 2007, New Jersey law requires persons other than a government entity, homeowner or tenant, to withhold gross income tax at the rate of 7% from payments to certain unregistered, unincorporated construction contractors. For purposes of this law, a construction contractor is a person entering into a contract to construct, improve, alter or repair a building, structure or improvement to real property. Withholding is not required if the person making payments to the construction contractor obtains proof of the contractor's registration with the New Jersey Division of Revenue. A Business Registration Certificate serves as proof of such registration.

As of January 2011, landlords are required to give 1099s if they pay \$600 or more a year for goods and services. Only limited exceptions are given for brief rentals of homes and landlords with small amounts of rental income. Landlords will be required to obtain the tax ID numbers of payees. Please provide Forms W-9 to all your vendors.

If there are any questions, please contact our office.

Sincerely yours,

Mironov, Sloan & Parziale

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/t

WSP



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December 13, 2010

Dear New York Client:

Effective January 1, 2011:

You should be receiving a new "Circular E" from the Internal Revenue Service shortly. For your information, please note the following updated information for 2011:

The base for social security earnings has remained unchanged at \$106,800. The rate for both employers and employees will be 1.45% for medicare hospital insurance and 6.2% for old age survivor and disability insurance for a total FICA tax of 7.65%. Maximum withholding on social security will be \$6,621.60 (6.2% x \$106,800). The maximum earnings subject to medicare hospital insurance is unlimited.

There is no change in the New York Unemployment and Disability wage base of \$8,500. The employee withholding rate for disability is .5%. There is no employee withholding for unemployment insurance.

There is no change in the Federal Unemployment Tax base. The rate is .8% and the base is \$7,000 for a maximum of \$56 (.8% x \$7,000). This is an employer tax only.

401(k) salary deferral limits have remained unchanged at \$16,500 for employees under age 50 and \$22,000 for employees age 50 or older.

New York State's minimum wage is \$7.25.

If there are any questions, please contact our office.

Sincerely yours,

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