

March 16, 2009

Issue 2009-10

ExacNews

Exactax Client:

The previous issue of ExacNews was kind of big so this week we'll keep it light. Calendar year corporations were due today so we hope you have extensions in on all of those unfinished returns. The April 15th deadline is just a little less than one month away and Exactax is running in high gear. Help us keep the turn-around time as low as possible and the quality as high as possible by following the tips and guidelines in ExacNews.

990 Instruction Manuals

The 990 instruction manuals were mailed out last week to 990 batch processors. All 990 proforma and supplies were mailed previously.

E-file Delay for Form 5405

Because of recent changes to Form 5405, Credit for First-time Homebuyers, due to the American Recovery and Reinvestment Act, the IRS will not be accepting e-filed returns containing Form 5405 until March 31st, 2009.

Please do not authorize the e-file transmission of returns with Form 5405 until after March 30th. E-file returns containing Form 5405 that are transmitted before April 1st will receive rejection code 0356 and will need to be re-transmitted after March 30th. If this occurs, contact the E-file department.

Don't Forget the Zero Tax Bracket

Many of you have called about receiving returns with taxable income that have no federal tax. When this occurs look for one of the Schedule D Tax worksheets to be present. This year the lowest rate for long-term gains and qualified dividends is zero, zip, nada, zilch. Now, if only we had some gains to report....

Non-Cash Contributions Over \$500

When total non-cash contributions exceed \$500 but are less than \$5,000, Form 8283P1 [73A] should be prepared, listing all non-cash contributions. When total non-cash contributions are \$5,000 or more then Form 8283P2 [73C] should be prepared instead, listing all non-cash contributions.

If these forms are not prepared when required, the return will be disqualified for e-file.

Caution: Non-cash contributions entered on Form [70B] will be added to the total contributions from Forms [73A/B/C] on Schedule A. A diagnostic will alert you when entries in both places are present and when Form 8283 is required.

Mileage is Required to Compute Vehicle Expenses

When vehicle expenses are entered on Form 2106 [72] or Form [51], total miles and business miles must be entered to compute the business use percentage to apply against the expenses. When either of these entries is missing, Audit will need to contact you for the information which slows the processing of your return.

RDE - Tip

An easy way to determine the additional local California sales tax rate:

- Go to the California General screen and open the Use Tax sub schedule (zip 15)
- Click on the *County (City)* drop-down and type the county or city name. This will show the combined state and local rate
- Subtract 7.25 to get the additional local rate to enter on Screen A, zip 26