
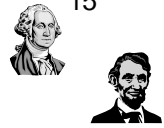


TAX PAYMENT  
CALENDAR

FEBRUARY  
2012

<u>Date</u> <u>Payroll Date</u>	<u>Deposit Date</u>		<u>Completed</u>		
Jan. 25 – 27 28 – 31	Feb. 1 3	Semi-Weekly Payroll Tax Deposits. Employers that are semi-weekly depositors generally must deposit taxes withheld and FICA taxes on payrolls paid on Wednesday, Thursday or Friday on or before the following Wednesday, and deposit taxes from payments on other days on or before the following Friday. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter.			
Feb. 1 – 3 4 – 7	8 10				
8 – 10 11 – 14	15 17				
15 – 17 18 – 21	23 24				
22 – 24 25 – 28	29 Mar. 2				
29 – Mar. 2	7				
13	Michigan sales and use tax deposit for the month of January to claim early payment discount.				
15	Michigan Annual Report - Limited Liability Companies.				
15	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during January. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and first quarter.				
15	Corporations with fiscal year ending February 28, May 31, August 31, or October 31: • Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.				
 15	Corporations with fiscal year ending November 30: • Federal Income Tax Return - Form 1120 or 1120S. • Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. • Pay accrued compensation, charitable contributions, retirement plan contributions, etc.				
15	Businesses with fiscal year ending January 31, April 30, July 31, or October 31: • Pay MBT/CIT estimate to State of Michigan.				
20	Presidents' Day.				
21	Michigan combined Sales, Use, Withholding and CIT Estimate Return for the month of January.				
21	Personal Property Tax Returns must be received by local assessor.				
28	Form 1096 – Annual Summary and Transmittal, accompanied by copy of Forms 1099 and/or Forms 1098.				
28	Michigan Annual Return for Sales, Use, and Withholding Taxes. Enclose state copy of Forms W-2 and 1099-MISC.				
29	Businesses with fiscal year ending October 31: • File MBT return and pay balance due to State of Michigan.				
29	Form W-3 - Transmittal of Income and Tax Statements, accompanied by copy of Forms W-2.				
March 1	Federal and Michigan Income Tax for farmers for 2011 in lieu of filing estimated taxes during the past year.				

JANUARY

FEBRUARY

MARCH



SU	M	T	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SU	M	T	W	TH	F	SA
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29			

SU	M	T	W	TH	F	SA	
					1	2	3
4	5	6	7	8	9	10	
11	12	13	14	15	16	17	
18	19	20	21	22	23	24	
25	26	27	28	29	30	31	



February 2012

## **HIRING YOUR CHILDREN TO WORK FOR YOUR UNINCORPORATED BUSINESS**

Here is a tax-saving idea for those who operate a business as a sole proprietorship, a single-member LLC treated as a sole proprietorship for tax purposes, a husband-wife partnership, or a husband-wife LLC treated as a partnership for tax purposes. Consider hiring your under age 18 child as a legitimate employee of your business. It can be part-time or full-time, as long as actual services are provided to the business.

Your under age 18 child's wages are exempt from Social Security, Medicare, and federal unemployment taxes. In addition, your child can use his or her standard deduction to shelter up to \$5,950 of 2012 wages from federal income tax. Under this arrangement, your child will probably owe absolutely zero federal taxes on the first \$5,950 of wages (for 2012). Your child can set aside some or all of the wages and invest the money. The cash stash could eventually be used to help pay for college.

Meanwhile, you can deduct the wages paid to your child as a business expense, as long as they are reasonable for the work performed. The write-off will cut your income tax bills and your self-employment tax bill (if applicable). The write-off will also lower your adjusted gross income, which will lower the odds of getting hit with unfavorable phase-out rules that can reduce or eliminate various tax breaks.

After your child reaches age 18, Social Security and Medicare taxes will kick in, however no federal unemployment tax will be due until age 21. The child's standard deduction will still shelter up to \$5,950 (for 2012) from federal income tax. And, you can deduct the wages and the employer's share of the related employment taxes as business expenses.

Even if your business is incorporated, hiring your child can still make tax-saving sense. In this scenario, the child's wages are subject to Social Security, Medicare, and federal unemployment taxes regardless of his or her age. The good news: The child's standard deduction still provides an income tax shelter for the child, and you can claim business deductions for the wages and the employer's share of the employment taxes.

## **BUSINESS VS. HOBBY**

A tax issue that often finds its way to the Tax Court is that of whether a taxpayer is engaged in a trade or business or, as the IRS contends, a hobby or not-for-profit activity. With no hard-and-fast rules to look to, the outcome usually falls on how the Court sees the facts and circumstances in light of nine factors outlined in the regulations. No single factor or group of factors is determinative; instead, a final determination is made only after considering all facts and circumstances. Factors considered in determining whether an activity is engaged in for profit include:

- The manner in which the taxpayer carries on the activity.
- The expertise of the taxpayer or his advisers.
- The time and effort expended by the taxpayer in carrying on the activity.
- The expectation that assets used in the activity may appreciate in value.
- The success of the taxpayer in carrying on similar or dissimilar activities.
- The taxpayer's history of income or losses with respect to the activity.
- The amount of occasional profits, if any, which are earned.
- The financial status of the taxpayer.
- The elements of personal pleasure or recreation.

Although there are several tax implications that result from determining whether an activity is a trade or business as opposed to a hobby, the most obvious is the ability to deduct losses incurred. In general, only losses from an actual trade or business are allowed to offset other income. Taxpayers who conduct an activity that may be challenged under the hobby loss rules should consider these factors in the way they operate their activity.