Date Payroll Date	Deposit Date		Completed
Sept 26 – 29	Oct 2	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 fourth quarter (third quarter for September payroll deposits due in October).	
30	7		
Oct 1 – 2	7		
3 – 6	9		
7 – 9	15		
10 – 13	16		
14 – 16	21		
17 – 20	23		
21 – 23	28		
24 – 27	30		
28 – 30	Nov 4		
31 – Nov 3	6		

Date		Completed
1	Michigan Annual Report for Non-Profit Corporations.	
2 & 3	Pumpkin Fest, Zeeland, MI.	
12	Columbus Day Observance.	
13	Michigan sales and use tax deposit for month of September to claim early payment discount.	
15	Employers that are monthly depositors must deposit taxes withheld and FICA taxes on payrolls paid during September. Deposit electronically. Indicate Form 941, Federal Tax Deposit, and third quarter.	
15	Corporations with fiscal year ending October 31, January 31, April 30, or June 30: ▪ Deposit estimated federal income tax electronically. Indicate Form 1120 and Federal Tax Deposit.	
15	Corporations with fiscal year ending July 31: ▪ Federal Income Tax Return – Form 1120 or 1120-S. ▪ Deposit balance of tax due electronically. Indicate Form 1120 and Balance Due on Return. ▪ Pay accrued compensation, charitable contributions, retirement plan contributions, etc.	
15	Corporations with fiscal year ending December 31, March 31, June 30, or September 30: ▪ Pay CIT estimate to State of Michigan.	
20	Michigan Sales, Use and Withholding Taxes Return for the month ended September 30.	
25	State Employer's Quarterly Wage/Tax Report (Form UA-1028). Pay to State of Michigan – Unemployment Agency.	
31	All Hallow's Eve.	
Nov 2	Quarterly payroll reports and deposits: ▪ Form 941 – Employer's Quarterly Federal Tax Return – deposit balance due electronically. Indicate Form 941, Balance Due on Return, and third quarter. ▪ Federal Unemployment Compensation tax deposit for third quarter if the cumulative undeposited tax liability exceeds $500 – deposit electronically. Indicate Form 940 and third quarter.	
Nov 2	Corporations with fiscal year ending June 30: ▪ File CIT return and pay balance due to State of Michigan.	

SEPTEMBER

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			

OCTOBER

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**

NOVEMBER

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					

OCTOBER 2015

IRA OWNERS AND BENEFICIARIES ARE TAXED ON WITHDRAWALS REGARDLESS OF WHERE THE MONEY GOES

Taxpayers must generally include in their taxable income the taxable portion (often 100%) of any distribution that they receive from an IRA that they own or receive as the beneficiary of the IRA of a deceased individual. This general rule usually applies regardless of who actually winds up with the IRA money. A recent Tax Court decision illustrates that point (*Elroy Morris*, TC Memo 2015-82). The taxpayer was the sole beneficiary of an inherited IRA. He owed all the federal income tax due when the account was liquidated - even though he gave some of the money taken from the account to his siblings. This analysis explains the decision and what the taxpayer could have done differently to obtain a better tax result.

In *Morris*, the taxpayer, a resident of Michigan, was designated as the sole beneficiary of his father's traditional IRA. The IRA custodian was Farm Bureau Life Insurance Company of Michigan (Farm Bureau). After the taxpayer's father died in 2011, the taxpayer requested that the inherited IRA balance be distributed to him as a lump sum. In June of 2011, Farm Bureau made a $ 95,484 lump-sum distribution from the IRA to the taxpayer who had requested that no federal income tax be withheld. Farm Bureau then reported the distribution as a fully taxable transaction on a Form 1099-R.

The taxpayer also served as the personal representative of his deceased father's estate. Implementing what he believed to be his father's wishes, the taxpayer issued checks totaling $ 37,000 to two of his siblings in July 2011. The funds came from the $ 95,484 IRA distribution. Based on apparently misunderstood advice from a law firm, the taxpayer believed that no federal income tax was due on the IRA distribution. However, what the law firm apparently meant was that no federal estate tax or Michigan state inheritance tax was due on the distribution. In any event, the taxpayer did not report any of the $ 95,484 IRA distribution as taxable gross income on his 2011 Form 1040.

In 2013, the taxpayer received an IRS assessment for $ 27,037 of unpaid federal income tax plus another $ 5,387 for the 20% accuracy-related penalty on substantial tax understatements. The tax bill and related penalty were based on the taxpayer's failure to report the IRA distribution as income on his 2011 return. The unhappy taxpayer disagreed with the assessment and took his case to the Tax Court where he argued it would be inequitable to hold him solely responsible for the federal income tax liability on the IRA distribution. Why? Because he voluntarily gave $ 37,000 of the money to his siblings, and he was unlikely to be able to recover anything from them to help pay the tax bill. The taxpayer also argued that he was the victim of erroneous advice from the law firm.

The Tax Court noted that, while the taxpayer acted honorably in executing what he believed to be his father's wishes, it did not change the fact that the entire $ 95,484 IRA distribution had to be included in his taxable gross income, since he received all the money as the sole account beneficiary. What he did with the IRA money after receiving it did not change the tax outcome. However, the Tax Court negated the accuracy-related penalty, based on its belief that the taxpayer honestly thought the IRA distribution was nontaxable (due to his mistaken understanding of the law firm's advice).

In *Morris*, the taxpayer could have reduced the amounts given to his siblings (which constituted gifts for federal gift tax purposes) by the taxes due on those amounts. That way, he would not have wound up footing the tax bill for money that went to other parties. Unfortunately, once the money was given to the taxpayer's siblings, without any subtraction for the related taxes, it was too late. At that point, the taxpayer's only hope was to be reimbursed for the taxes that he owed on the money he gave to the siblings. Apparently, that was not going to happen.