

Business Hours: Starting January 1, 2017, PPG Partners will be open 8:00 AM-5:00 PM Monday-Friday.

2016 Tax Season Up Ahead!

December 31, 2016, is just around the corner, and here at PPG Partners we are gearing up for the 2016 tax season. We look forward to continuing to be of service to you as we close out 2016 and complete your 2016 work and tax returns. As always, we appreciate your business and the ongoing relationships that have formed between you and our professionals.

We wish you a wonderful holiday season and a Happy New Year!

PPG Partners No Longer Accepting Zip Files

Due to a rise in security risks in zip files, PPG Partners will be blocking all zip files that are emailed to us. If you email us a zip file, we will not be able to open it. We encourage you to use one of our two other methods of sending us files. Both of these methods are secure, as well as able to handle large files that you normally wouldn't be able to send via normal email, or that you would have "zipped" in order to email.

One method is using our secure email system, "SafeSend." Click on the "Send secure files to me" link in your PPG Partners CPA/accountant's email signature, or go to ppgpartners.net/safesend and click on the "PPG Partners Dropbox" link. The link will open a webpage where you enter your name, your email address, and the PPG recipient email address, and then upload your file(s). For full instructions on how to use SafeSend, please visit ppgpartners.net/safesend.

If you have a client portal set up through the PPG website, you can also transfer files to us via this method. Go to clients.ppgpartners.net to log into your portal. For instructions on how to upload files in your portal, please visit ppgpartners.net/ftp.

If you have any questions about either of these methods, please contact PPG Partners.

Jan. 1, 2017 Changes to Be Aware of Now

New W-2 and 1099 Filing Deadline. A new federal law moves up the Form W-2 and certain Forms 1099 filing deadlines for employers and small businesses to Jan. 31. Previously, employers had until the end of February to send in copies of these forms to the IRS and Social Security Administration, as applicable. The new accelerated deadline was implemented to help the IRS improve its efforts to spot errors in returns filed by taxpayers. (Employers are also required to provide W-2 and 1099 recipient copies by Jan. 31, which remains unchanged from previous years.)

New county and city taxes in Wisconsin. Following suit with a number of other counties in the state in adopting a county-wide sales and use tax, Sheboygan County's 0.5% sales and use tax will go in effect Jan. 1. Rhinelander City will have a 0.5% premier resort tax go in effect Jan. 1.

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Jan. 1, 2017 Changes to Be Aware of Now (Continued from Page 1)

Increased standards for sales tax exemption for nonprofit organizations. The standard to determine whether entertainment is involved at an event will be increased from \$500 to \$10,000. The standard relating to the number of days on which sales of taxable products can occur will be increased from 20 days to 75 days.

Social Security Wage Base Increased. To help address Social Security's under-funding problem, the SSA is increasing the social security wage base by 7.3% in 2017, from \$118,500 to \$127,200. For employers who meet the limit, expect the 12.4% non-deductible social security tax on your wages to increase from \$14,694 to \$15,773.

Form 1099-MISC and Backup Withholding Requirements

If PPG Partners prepares your Forms 1099-MISC, your office manager is probably familiar with us needing completed W-9 forms from various vendors (payees) that you make payments to, such as attorneys, landlords, laboratories, or independent contractors. A completed Form W-9 includes the payee name, tax classification, address, Taxpayer Identification Number (TIN) or social security number, and signature.

While you certainly need the correct legal name and address of the payee, the TIN/social security number is the most significant part of the W-9 request and is what can trigger a "backup withholding" requirement. If you solicit the payee's TIN and the payee refuses or neglects to provide a TIN then you must, per the IRS, "begin backup withholding immediately on any reportable payments." If the TIN provided by the payee is incorrect or doesn't match the legal name on the 1099, then after the 1099 has been filed you will receive a notice from the IRS, which in case backup withholding may also then need to be initiated.

The Backup Withholding rate is 28%. You pay the amount withheld from payments to the IRS, and report these IRS payments on Form 945. Keep in mind that there are exceptions to these requirements, and some payees will return a W-9 indicating that they are exempt from 1099 reporting and backup withholding requirements.

If PPG Partners prepares your Forms 1099-MISC and does your solicitation of TINs, we will contact if you should begin backup withholding.

New Overtime Rule Put on Hold

On Nov. 22, 2016, the U.S. District Court granted a Preliminary Injunction delaying the implementation of the "Overtime Final Rule." The overtime rule was scheduled to take effect Dec. 1 and would have raised the salary threshold for exemption from overtime pay from \$23,660 to \$47,476.

For now, the overtime rule did not take effect as planned on Dec. 1, but it could still be implemented later down the road. Employers may continue to follow the existing overtime regulations until a decision is reached. Many employers have already either raised exempt employees' salaries to meet the new threshold or reclassified employees who are still earning less to nonexempt status. Employers will likely want to leave decisions in place if they have already provided salary increases in order to maintain exempt statuses, as it would be difficult to take these back. If there are exempt employees who were going to be reclassified to nonexempt, but haven't been reclassified yet, you may want to postpone those decisions and give the litigation a chance to play out.

Key Tax Deadline Looming for Ages 70-1/2 and Older

If you have or will have attained age 70-1/2 or older by Dec. 31, you must withdraw a minimum amount from your deductible IRA and retirement accounts. These withdrawals are called Required Minimum Distributions (RMD), and they are added to your taxable income. The IRS imposes a 50 percent penalty on the amount you should have withdrawn but didn't.

If you attain age 70-1/2 by Dec. 31, you'll need to withdraw the RMD that applies to you by that date. The IRS allows one exception: in the *first year only* in which you're subject to the rules, you can delay your RMD until April 1 of the following year. If you take advantage of this delay, however, you'll have two taxable withdrawals in the following year: one for the prior year and one for the current year.