



Wood & Porter Tax Alert



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IRS's Five More 2010 Tax Highs

Last week I posted [IRS 2010 Milestones](#) to get you thinking about some of the good and bad the federal tax system experienced in our rapidly ending year. Here are the other 5 items on my (not scientific) list.

6. More Forms 1099. These forms are incredibly important. See [The Truth About IRS Forms 1099](#). The IRS is cracking down on companies that fail to issue them. Meanwhile private parties are (appropriately) more concerned than ever before with these little bits of paper—which increasingly are electronic. Maybe it's this Facebook era of not-so-private-privacy, but we all care now. See [IRS Form 1099 Wars](#).

Well, get used to it. Soon they'll report basis information so when you sell stock, your gain will be more transparent. See [Forms 1099 For Cost Basis: What, Me Worry?](#) Soon there will be Forms 1099 for goods, not just for services. Soon there will be Forms 1099 for gross proceeds and even credit card transactions. Get ready. See [Let There Be Forms 1099](#) and [Adjust Recordkeeping Before Form 1099 Onslaught](#). There's still a movement to [repeal](#) some of this, so stay tuned.

7. Tax-free Stock Sales. [Qualified Small Business Stock](#) is a good deal, and the tax exclusion on selling it has grown from 50% to 75%. For 2010, it went to a whopping 100%. See [Invest By Dec. 31 For Tax-Free Stock Break](#).

Now, you've got an additional year to qualify, through 2011. You'll need to follow numerous rules, but this is a great benefit so don't miss it.

8. Return Preparers, Numbers, and Getting Relief. The tax industry is seeing unprecedented changes. Who is a “return preparer” is changing, and how we are regulated is too. Tax lawyers who don’t prepare returns can still be “return preparers.” Professional standards are tightening, which is probably good on the whole.

Meanwhile, various agencies are attacking the tax-debt-relief industry. If someone advertises [pennies on the dollar tax relief](#) on TV, be wary.

9. The Year of the Independent Contractor. Everyone in business should know there are many [differences](#) between having employees and having independent contractors. Earlier in 2010 it looked like this would be the year for [some fundamental changes](#). But Congress and the President had bigger fish to fry.

Still, these issues will clearly resurface, and perhaps 2011 will be the year of the independent contractor. See [Miranda-Like Warnings To Independent Contractors?](#) In many ways, this is a time bomb waiting to go off. See [Personal Tax Liability When A Business Goes Under](#) and [Beware Personal Liability For Employee Taxes](#). Watch this space.

10. Tax Dementia? Finally, this year brought some great or not-so-great phrases, depending on your viewpoint. The not-tax but still ever-present foreclosure crisis brought us [“Robo-Signing,”](#) a concept that comes up in tax cases too. And that rekindled our Tim Geithner defense, which many Joe the Plumber taxpayers tried to use, not as successfully as now Treasury Secretary Geithner. See [TurboTax Is No Twinkie Defense](#).

Then there was Wesley Snipes, who famously didn’t pay his taxes , escaped felony conviction, but went to jail anyway on misdemeanor tax counts, prompting debate about just what a tax protestor is and who’s responsible. See [Decoding The Tax Law](#). My advice? Get good and thoughtful advice. See [Are You Willful Or Ignorant About Taxes?](#)

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