



Willson & Pechacek, P.L.C. Newsletter



General Edition

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IDENTITY THEFT AND YOUR TAX RECORDS

We are receiving more questions from clients concerning correspondence supposedly received by the IRS through email. **Remember, the IRS does not initiate contact with taxpayers via email, and the IRS does not request detailed personal information through email.** These emails are scams which are trying to collect your personal information. The email senders then use this information to steal your identity.

Identity theft occurs when someone uses your personal information, such as your

name, Social Security number, or other identifying information, without your permission, to commit fraud or other serious crimes. People whose identities have been stolen can spend months or years to clean up the mess caused by identity thieves.

There are many ways to minimize becoming a victim of identity theft. Among those that the IRS recommends are:

1. Don't carry your Social Security card or any documents with your Social Security number on it.

2. Don't give a business your Social Security number just because they ask, only give out this information when absolutely necessary.
3. Check your credit report every twelve months.
4. Protect your personal computers by installing firewalls, spam/virus software, update security patches and change passwords for internet accounts.

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FEDERAL RELIEF TO QUALIFIED FARMERS HARMED BY FLOOD LOSS

Low-interest emergency loans from the Farm Service Agency ("FSA") may be available to qualified farmers in flood areas to help the qualified farmers recover from production losses and physical losses caused by flooding. Emergency loan funds must be used to restore or replace essential property, pay all or part of production costs associated with the disaster year, pay essential family living expenses, reorganize the farming opera-

tion, and/or refinance certain debts.

To be eligible for the loans, numerous requirements must be met. The farmer must own or operate land located in a county designated a primary disaster area, or a county contiguous to a primary disaster area county. In Iowa, six counties have been designated primary disaster areas, including Fremont, Harrison, Mills, Monona, Pottawattamie, and Woodbury counties.

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NEW LAW MEANS NO CHANGES TO 1099 REPORTING REQUIREMENTS

As part of the Healthcare Bill, there was a new mandate beginning in 2012 that all companies would have to issue 1099 tax forms to all individuals or corporations from which they buy more than \$600.00 in goods or services in that calendar year. This was a radical change from the current 1099 reporting requirements. The good news is that on April 14, 2011, there was signed into law the Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011.

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5. Don't give personal information on the telephone, through the mail or on the internet unless you have initiated the contact and you are sure you know who you are dealing with.

If you are the victim of identity theft, there are several things that you should do. File a report with the local police department. Report incidents of identity theft to the Federal Trade Commission through either its website, www.consumer.gov/idtheft or through its identity theft hotline at 1-877-438-4338. Contact fraud departments of the three major credit bureaus, Equifax, Experian, and TransUnion. You should also close any accounts that have been tampered with or opened fraudulently.

Being a victim of identity theft could impact your tax records. Individuals may use your Social Security number to get a job. That person's employer would report the W-2 wages earned using your Social Security number to the IRS. This may give the appearance that you did not report all of your income on your tax return. Especially be aware of identity theft if you receive an IRS Notice stating that

more than one tax return has been filed on your behalf or the IRS records indicated you received wages from an employer unknown to you.

If you receive a Notice from the IRS, you should respond immediately. If you believe someone may have used your Social Security number fraudulently, please notify the IRS immediately. Responding to the Notice quickly may minimize the damage. The IRS has set up a special unit called the IRS Identity Protection Specialized Unit to specifically deal with the ever-growing problems of identity theft and the effect it has on your tax records.

Please contact us should you have any questions regarding identity theft or have any issues with regard to steps to minimize identity theft losses. Your attorney can help you deal with these issues and help correct your information with the IRS.

By Lonny L. Kolln II

1099 LAW

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This law, in addition to other things, repealed the expansion of information reporting requirements to payments made to corporations. This means that the 1099 reporting requirements will not change. 1099s will still be required to be issued to anyone from whom you buy more than \$600.00 in goods or services in a calendar year except if they are a corporation. Remember, you are required to issue 1099s to individuals, partnerships, LLCs, and Trusts, among others. Please remember that these documents are required to be sent to the party paid on or before January 31st of each year, and copies of these documents are required to be filed with the IRS on or before February 28th of each year. Please contact us if you have any questions regarding 1099 requirements.

Counties in Iowa contiguous to the primary disaster area counties include Cass, Montgomery, Page, Cherokee, Plymouth, Shelby, Crawford, and Ida counties. The farmer must also be an established family farm operator with sufficient farming experience. The farmer must be a citizen or permanent resident of the United States. At least a 30% loss in crop production or a physical loss to livestock, livestock products, real estate, or personal property must have been incurred by the farmer. The farmer must have an acceptable credit history, and be unable to receive credit from commercial sources. The farmer must be able to provide sufficient collateral to secure the loan and demonstrate sufficient repayment ability. Lastly, the farmer must keep adequate farm records and must operate in accordance with a farm plan developed and agreed to with the local FSA staff.

If eligible, the qualified farm operators can borrow up to 100% of actual production losses or physical losses. The maximum loan amount is \$500,000.00, with a current annual interest rate of 3.75%. Loans for losses to crops, livestock, and other non-real estate losses are normally repayable over a period of one to seven years, while loans for real estate losses are normally repaid within a period of thirty years.

To apply, an application must be made to the FSA within eight months of the designation of the area as a disaster area. The disaster area declaration was made on June 27, 2011. If you have any questions, please call your local FSA office.

By: Christopher L. Juffer

NEW RULES TO MAKE THE FRIENDLY SKIES EVEN FRIENDLIER

Everyone has their own flying horror story, whether it's a delayed flight, lost luggage, or airline food of questionable origin. However, the U.S. Department of Transportation has recently implemented some new airline regulations that might make everyone's time with the airlines a little more pleasant.

These regulations went into effect in late August, and here is a summary of the new rules that the DOT will begin enforcing on airlines operating in the United States:

- ♦ If a U.S. or international flight sits on the tarmac for more than four hours, the DOT can impose fines of up to \$27,500 per passenger. While the passengers don't see any of this money, it is a safe bet that the airline won't want to pay it, so you will either take off or cancel the flight, which then gives passengers certain rights, including arranging alternative

transport and meals/lodging reimbursement.

- ♦ Passengers involuntarily bumped from an oversold flight must be compensated double the price of the purchased ticket (up to \$650), if the airline gets them to their final destination within two hours (four hours for international flights). Currently, compensation is equal to the ticket value up to \$400. If the arrival time of bumped travelers is delayed by more than two hours (four hours for international flights) it would mean payments of four times the value of a ticket, up to \$1,300. Currently, that compensation is capped at \$800.
- ♦ Airlines must prominently display all baggage, handling, cancellation, and amenity (food, pillows, etc) charges on their websites so no one is theoretically surprised when they get to the terminal or on their flight.

In addition, there is another set of rules set to go into effect in January, 2012, which include the following requirements:

- ♦ Airlines must promptly notify passengers if a flight is cancelled or delayed by more than 30 minutes. Notification could include cell phone alerts, website updates or an announcement at the check-in counter.
- ♦ Customers can cancel reservations without penalty for at least 24 hours after purchase if they are made at least one