

This Month:

- 2nd Quarter 2018 Due Dates
- Personal Returns: Need More Time? Unable to Pay?
 - Barter Transactions

2nd Quarter 2018 Due Dates

April 17:

- ◇ *Individuals:*
 - 2017 Form 1040 due, or file Form 4868 for a 6-month automatic extension.
 - 2017 FinCEN Form 114, *Report of Foreign Bank and Financial Accounts* (FBAR), due. Automatic 6-month extension will be granted for filers who fail to meet the due date.
 - Last day to contribute to an IRA and ESA for 2017.
 - First installment of 2018 estimated tax due.
 - 2017 Form 709, *US Gift Tax Return*, due if more than \$14,000 was gifted to any individual besides a spouse or charity in 2017, or file Form 4868 or 8892 for a 6-month automatic extension.
- ◇ *Calendar-Year End C Corporations:*
 - First installment of 2018 estimated tax due.
 - 2017 Form 1120 due, or file Form 7004 for automatic 6-month extension.



April 30:

- ◇ *Employers:* File Form 941 for 1st quarter 2018.

May 15:

- ◇ *Partnerships & S Corporations:* File Form 8752 if on fiscal year under Section 444 election.

June 15:

- ◇ *Individuals:*
 - 2nd installment of 2018 estimated tax due.
 - 2017 Form 1040 due for U.S. citizens or resident aliens living/working (or active duty military) outside the U.S. or Puerto Rico or file Form 4868 for 6-month automatic extension.
- ◇ *Calendar-Year End C Corporations:* Second installment of 2018 estimated tax due.

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Personal Returns: Need More Time? Unable to Pay?

April 17th, 2018 is the official filing deadline for Form 1040, *U.S. Individual Income Tax Return*. Need more time to gather data to file a complete and accurate return? The IRS allows for an extension of time to file, NOT to pay. You can submit Form 4868, *Application for Automatic Extension of Time to File U.S. Individual Income Tax Return*, to receive a six-month extension until October 15th, 2018. By filing this form, you won't be subject to the late filing penalty. But remember, you must pay in at least 90% of the current tax (100% of the prior year or 110% if AGI is greater than \$150,000 in 2016) to avoid late payment penalties during the extension period with the remaining balance paid with the filing of the return. This may require you to estimate your income, deductions and tax liability. A valid extension requires a reasonable tax estimate indicated on Form 4868, even if the amount due isn't paid with the extension. So don't delay! If you need more time to file, gather your tax information, contact your tax preparer and request an extension estimate.

What if you can't pay your taxes? Don't panic! You're not alone; many taxpayers have found themselves in financial distress and unable to pay immediately. If you cannot pay the full amount of taxes you owe, you should still file your return (or extension) by the deadline and pay as much as you can to avoid penalties and interest. You also should contact the IRS to discuss your payment options, such as a **short-term extension to pay**, an **installment agreement** or an **offer in compromise**. In some cases, the IRS may even be willing to waive penalties. Remember though, no matter what option you choose, don't ignore your tax obligations; they won't go away but will likely get worse, resulting in tax liens or garnishment of wages. Remember, the IRS is far more willing to work with you if they believe you're making reasonable efforts to resolve the issue on your end!

Barter Transactions

In today's economy, small-business owners sometimes look to the oldest form of commerce — the exchange of goods and services or bartering. The Internal Revenue Service wants to remind small-business owners that bartering transactions generally have associated tax reporting, accounting and record-keeping responsibilities.

Bartering is the trading of one product or service for another. Usually there is no swap of cash. Barter may take place on an informal direct one-on-one basis between businesses and individuals, suppliers, customers, distributors, partners, contract labor, and employees, or it can take place on a third-party basis through a modern Internet barter exchange.

Bartering is an exchange of one taxpayer's property or services for another taxpayer's property or services. The fair market value of property or services received through barter is taxable income. Be sure to use a reasonable fair market value for the property or services received in a barter transaction to include in your income. The transaction is not a wash if you report the fair market value of the property received that is greater than your cost or basis in the property given up.

For example: if bowling equipment given up has a cost or other basis of \$500 to you there is a \$500 gross profit on the transaction if the fair market value of the fishing equipment received in the barter exchange is \$1,000. Simply put, you should identify the transaction in your records and report the income and any related business deductions and cost of goods sold on your tax return.

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PADGETT BUSINESS SERVICES® is dedicated to meeting the compliance, profit & financial government reporting and payroll needs of businesses with fewer than 20 employees in the retail and service sector of the economy. This publication suggests general business concepts that may be appropriate in certain situations. It is designed to provide complete and accurate information to the reader. However, because of the complexities of the tax law and the necessity of determining whether the material discussed herein is appropriate to your business, it is important you seek advice from your Padgett office before implementing any of the concepts suggested in this newsletter. **AMERICA'S FIRM FOR SMALL BUSINESS TAX NEEDS®**