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Penalties, Penalties, Penalties...

Although the IRS has always exerted the ability to assess penalties, we have witnessed a recent increase of their enforcement of penalties.

Specifically, filing a 1065 (partnership return) or an 1120S (S corp return) late will result in an assessed penalty of \$85 per month, or portion thereof, per partner/shareholder. To quantify this, take a 4-person partnership that files 45 days late; that's a \$680 penalty.

Late filing occurs when a return is postmarked **after** the due date. For calendar year S corps, that date is March 15, and for calendar year partnerships, that date is April 15. Failure to file a valid extension will start the penalty clock ticking; filing a valid extension will lengthen your filing deadline until September 15. Beginning in 2009, partnerships will only receive a 5-month extension and are due by September 15th rather than October 15th as in prior years.

Don't feel left out if you don't file corporate or partnership tax returns. It seems, the IRS has increased assessments to individuals for underpayment of estimated taxes. In general, individuals are required to pay taxes throughout the year and cannot wait until April 15th to pay. If you missed our January 08 newsletter on [Avoiding Underpayment Penalties](#) or our February 08 issue on [Rules for Making Estimated Payments](#), please click on the related links to catch-up on this important information.

As always, we are here to assist you. Unnecessary penalties can, and should, be avoided. Simply keep us up to date with your involvement in:

- Forming new S corps, Partnerships, LLC's, etc.
- Selling stocks with large gains
- Selling real estate with potential gains
- And any other receipts of unearned income



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Monthly QuickBooks Tip



By Suzanne Stabila Duffy, Certified QuickBooks ProAdvisor®

Did you know that QuickBooks ProAdvisors receive discounts on QuickBooks products? As such, Kramer Weisman passes these savings along to our clients. If you are a current or potential client, please check with us before making your purchase directly from QuickBooks.

GAAP Hierarchy

FASB Issues Statement No. 162, *The Hierarchy of Generally Accepted Accounting Principles*

The Financial Accounting Standards Board (FASB) recently issued FASB Statement No. 162, The Hierarchy of Generally Accepted Accounting Principles. The new standard is intended to improve financial reporting by identifying a consistent framework, or hierarchy, for selecting accounting principles to be used in preparing financial statements that are presented in conformity with U.S. generally accepted accounting principles (GAAP) for nongovernmental entities.

Prior to the issuance of Statement 162, GAAP hierarchy was defined in the American Institute of Certified Public Accountants (AICPA) Statement on Auditing Standards (SAS) No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles. SAS 69 has been criticized because it is directed to the auditor rather than the entity. Statement 162 addresses these issues by establishing that the GAAP hierarchy should be directed to entities because it is the entity (not its auditor) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP.

Please contact us if you need assistance preparing GAAP financial statements or need compiled, reviewed or audited financial statements.

Kramer Weisman and Associates LLP is a full service accounting firm. We provide the following services:

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