



Client News

SPRING & SUMMER | 2019

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CLIENT PROFILE:

Driving Success by Exceeding Expectations...

Entrepreneurial Law Firm Redefines Business as Usual

MPSLAW
MELTZER, PURTILL & STELLE LLC

In a field where success is typically measured in terms of growth, Meltzer, Purtill & Stelle is a unique breed of law firm that defines success solely by the needs and satisfaction of the clients they serve. This concept of exceeding expectations was the driving principle that brought the founding partners, Brian Meltzer, John Purtill and Roger Stelle together at a national law firm in the late 1980s. Collectively, they recognized this was the DNA of the organization they envisioned and decided to make it a reality. The founding group, which also includes MPS Law Managing Partner, Bill Mitchell, formed MPS in 1996, and together they began building a legacy of their own – growing it into one of the Chicagoland area's most successful business-to-business law firms.

Likely because of their BigLaw roots, the partners eschewed the traditional law firm model, instead looking to revolutionize the way legal services are provided by focusing on a single principle: unmatched customer service. The result – a practice that embraces innovative thinking that proactively formulates and pursues effective, efficient solutions for clients' specific legal needs.

"Most law firms measure success in numbers – increased revenues, profits, staff, and ever-widening service offerings. That's not MPS Law," comments Mitchell. "We define success solely in terms of how well we meet the needs and objectives of our clients. That's all that matters, and so far the revenue, profit and success seems to follow."

Experienced. Committed. Passionate.

With offices in Schaumburg and downtown Chicago, MPS Law has close to 40 attorneys, working in 11 select practice areas. Focused on commercial real estate, banking and finance, corporate law, employment law, and commercial litigation, the experienced MPS professionals are committed to building working partnerships with clients, delivering the highest-caliber work, and fostering a culture of collaborative success.



"We want to be the best in every core area. Not the biggest, the best. Deeply talented, staunchly entrepreneurial, and singularly committed to putting our clients' interests first. Our breadth of experience, and passion for the law, are both crucial in achieving that goal," notes Mitchell.

Empowering Entrepreneurs. Creating Opportunities.

The legal professionals at MPS all share in the firm's success, and as a result, every member feels a personal sense of ownership and accountability. Inefficiencies inherent in traditional law firms have been eliminated, allowing for a focus exclusively on the client. The organization rejects "growth for growth's sake" in favor of maintaining a synergistic and nimble environment designed to attract and support the most talented attorneys, across a variety of practice areas.

"There is no substitution for great lawyers and we have them at MPS. We foster growth organically and look for ideas and input from all levels - from the partners, associates, paralegals and support staff, everyone is vital," comments Mitchell. "Everyone is on the team and our successes are earned together."

Valued Partners in Partnership for Growth.

MPS takes great strides to fully understand and consistently deliver on their clients needs. As a valued business partner with similar ideals, KRD is proud to be a partner in their goal of exceeding client expectations.

"The KRD team, led by David Diamond, has provided invaluable expertise, particularly when it comes to structuring and executing M&A and complex real estate deals," notes Mitchell. "Their values mesh with ours and they possess a sophisticated insight seldom found in your typical financial service firms."

MPS Law relies heavily on finding and developing talented young attorneys. They offer a comprehensive training program, exposing candidates to core practice areas, first-hand experience with clients and partners and the opportunity to make valuable contributions with real impact to the team and the firm.



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Scholarships Not Subjected to Taxes? Think Again.

With the cost of college rising each year, it comes as no surprise that families depend on scholarships, grants and assistantships to help send their child(ren) to school.

Scholarships and other financial awards that cover tuition and fees are tax-free, but there is grey area when it comes to money that pays for room and board.

A college may tell you that your child is receiving a \$20,000 scholarship, but just because the school says it's tax-free doesn't mean it is.

According to the IRS, a scholarship or assistantship is tax-free when:

- 1 *You're a degree-candidate at an educational institution that maintains a regular faculty and curriculum. The school must have a regularly enrolled student body in attendance.*
- 2 *The money you receive is used to pay for tuition and fees necessary for enrollment or for books, fees, supplies and equipment needed for the course. Scholarships that cover room, board and travel are taxable. You also have to pay taxes for money you receive as payment for teaching, research and other services as a condition of receiving the cash.*

Students who receive money for services required by the National Health Services Corps Scholarship Program or the Armed Forces Health Professions Scholarship don't need to pay taxes on the amounts received.

Fellowships and research assistantships are programs that often combine a tax-free tuition waiver and taxable living stipend.

If a school offers money that's considered taxable income, the student will receive a Form W-2, reporting taxes withheld. The school will also report qualified tuition expenses on Form 1098-T, along with details on the amount of scholarship and fellowship.

Students should report this taxable income on their own return. A taxable scholarship is considered "unearned income" and is subject to the kiddie tax if the child is under 19 or is a full-time student under age 24.

Contact KRD for questions or concerns regarding financial planning for higher education.

Identity Protection Program Expands to Illinois, and Other States

This March the IRS announced its expanding its voluntary program for taxpayers who would like to obtain an Identity Protection PIN (IP PIN); however, they must not currently be victims of tax return identity theft. The program began in Washington D.C., Florida and Georgia. It has now expanded to Illinois, California, Delaware, Maryland, Michigan, Nevada and Rhode Island.

An IP PIN is a six-digit number assigned to eligible taxpayers to prevent their Social Security Number from being used on fraudulent federal income tax returns.

There are two ways you can get an IP PIN:

1. *You received an IRS letter inviting you to "opt-in" to get an IP PIN or*
2. *You filed your federal tax return last year with an address in the states listed above*

An IP PIN is only voluntary. If you choose to not participate in the program, you can file your return as you normally would. If you're assigned or requested an IP PIN, you must use it to confirm your identity on any returns filed electronically.



Is Your Business Entitled to Tax Relief for Contract Workers?

If your business has been selected for an employment tax examination to determine whether you correctly treated certain workers as independent contractors, you may be entitled to section 530 relief. If you meet the relief requirements you won't owe employment taxes for those workers.

If you don't meet the relief requirements, the IRS will determine whether they are independent workers or employees and whether you owe employment taxes for those workers.

In order to receive relief, you must meet all three of the following requirements:

1. Reporting Consistency

Your business must have timely filed all required federal tax returns consistent with your treatment of each worker as not being an employee. You must have filed Form 1099-MISC for the worker.

2. Substantive Consistency

In addition, you (and any predecessor business) must have treated the workers, and any similar workers, as independent contractors.

3. Reasonable Basis

Finally, you must have had a reasonable basis for not treating the workers as employees. There are a few ways you can show this:

- *You reasonably relied on a court case about federal taxes or a ruling issued to you by the IRS; or*
- *Your business was audited by the IRS at a time you treated similar workers as independent contractors and the IRS didn't reclassify those workers as employees. You may not rely on an audit that started after December 31, 1996, unless the audit included an examination for employment tax purposes of whether the individual involved (or any other individual holding a substantially similar position) should be treated as your employee; or*
- *You treated the workers as independent contractors because you knew, and can substantiate, that was how a significant segment of your industry treated similar workers; or*
- *You relied on some other reasonable basis. For example, you relied on the advice of a business lawyer or accountant who knew the facts about your business*

If you have questions whether your business can claim this relief, KRD tax professionals can help.



KRD 2018 La Rabida Toy Drive a Huge Success!

KRD Schaumburg and Chicago offices were filled with toys during the 2018 La Rabida Toy Drive. KRD raised over \$11,000 and collected over 2,000 toys for the children and their families at La Rabida. Thank you to everyone who supported this past year's Toy Drive!



International Corner

KRD's membership in GGI allows us to keep our clients abreast of international tax and audit considerations and allows us to provide contacts for international law issues if needed. Jean Signorelli, Audit Manager, will attend the regional conference in Houston on behalf of KRD.



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IRS is Requesting Employers to Provide ACA Health Coverage Reporting

The Affordable Care Act (ACA) requires Applicable Large Employers (ALEs) to annually report to the IRS that they have shared health insurance coverage information to their employees. An ALE is an employer that has an average of 50 or more full-time employees or full-time equivalents (FTE). Additionally, the ACA defines a full-time employee an individual who works at least 30 hours per week.

Applicable large employers must offer their full-time employees the opportunity to enroll in a health insurance plan that provides minimum essential coverage. If they don't, they may be subject to a "shared responsibility payment".

The IRS is sending information request Letter 5699 --Employer Reporting of Offers of Health Insurance Coverage to Applicable Large Employers (ALEs) seeking information on why they are not current with their employee health coverage information reporting. Although these are reminders, employers should act promptly to avoid penalties.

ALEs must provide the IRS with the following forms for each full-time employee:

- *Form 1095-C, Employer-Provided Health Insurance Offer and Coverage (also provided to each employee)*
Form 1094-C, Transmittal of Employer-Provided Health Insurance Offer and Coverage Information Return

This form provides information about the health coverage the employer made available to the employee, including the cost and the months for which coverage was available. If the employer chose not to offer insurance to its employees, the 1095-C form will say so. If you have questions regarding these forms, please contact KRD today.

When Is the Best Time of Day to Make Decisions?

If you've ever started working on a new project or an unfamiliar task after a full day of work, you'll know that it's no small feat. Your brain can only work in high gear for so long, eventually you'll fall into a slump and have no energy to approach new problems with a clear mind.

Scientific research has shown that there is an optimal time to making decisions or learning something new. Chronobiology, or the science of "good timing" states peak performance is hard wired into our DNA. It's also known as your "circadian pacemaker" or "biological clock".

The best time to learn something new is generally between 10:00 am to 2:00 pm and then again from 4:00 pm to 10:00 pm. The best time to make a decision is when you feel most alert, which is usually one to three hours after waking up.

Whether it's producing creative work or learning a seemingly daunting task, when you work with your body's natural clock, you have the best chance for success.

We welcome the opportunity to discuss how KRD can help with your tax and financial planning, please call us at

We Can Help
847.240.1040

