

Tips, Tricks, & Techniques

Treasurer Tips - Taxes

TAXES! You mean we have to pay taxes?

As the club has expenses, buys or sells stock, or receives dividends or interest, they create taxable transactions. Uncle Sam expects to be told about this, whether you have a gain or loss, no matter how small. Transactions through your bank or broker are reported to the IRS on forms 1099. It is imperative that the club report the proper allocation of these items to their members through forms 1065 and K-1.

The club does not pay taxes. As a partnership, the liability is passed through to the members. The K-1 has the information they need to include these items on their individual tax filings, or include in material given to their tax preparer. Please see the Treasurer Tips on Paid in Plus Earnings - PIPE.

Tax reporting is not a big bugaboo. BI sells a Tax Printer adjusted for each year's IRS requirements for \$49. It would be hard to get them done for less.

- Reconcile all statements and 1099's, complete all postings, run a 12/31 valuation, and run the Allocation of Expense and Income Report.
- Download the Tax Printer when paid for and you have the registration number.
- Confirm all Social Security #'s are available, and addresses are current. (You can delete the SS #'s after printing, if your members so wish.)
- Complete the preliminary screens. On this sample, the TMP is the member filing for the club. Questions are self-explanatory and defaulted to the most common choices.

4. Did the partnership file Form 8893, Election of Partnership Level Tax Treatment, or an election statement under section 6231(a)(1)(B)(ii) for partnership-level tax treatment, that is in effect for this tax year?

Yes

No

Please provide the designated Tax Matters Partner (TMP) information, if appropriate, below.

Designated TMP:

Identifying number of
TMP (ssn):

Street

City

State

Zip

- Print two complete sets and one set of K-1's only.
- Send one complete set to the IRS. (Ogden, Utah for Florida clubs)
- Give K-1's to members, no later than March. Retain one complete set in your records.

The most time-consuming part is waiting for all those sheets to print. There now, wasn't that easy? And your club thinks you are a whiz!