

W-2 & 1099 time

It's time to prepare W-2's for employees and 1099's for outside service providers.

Remember that there are penalties for inaccurate information, so check your records for accurate (including spelling):

- Payee first and last names
- Addresses
- Social Security Numbers

If you are missing any information, give a W-9 form to the payee to complete. If in doubt, send a W-9. You can download a printable W-9 form at www.irs.gov/pub/irs-pdf/fw9.pdf, or call our office and we will send one to you.

W-2's and 1099's need to be out to workers by Jan. 31, and also be filed with the government by Jan. 31. During the past year, we have seen penalties imposed for missing or inaccurate forms.

The 1099 forms are required for payments of \$600 or more to non-incorporated entities (including LLC's) for rent, interest paid or services rendered.

Starting this year, income for independent contractors ("non-employee compensation") will be reported on the new Form 1099-NEC, while rent, attorney payments and other types of income will be reported on an updated Form 1099-MISC.

Annual sales tax licenses

Most businesses received the bill for the \$20 Municipal Tax License fee with the ADOR annual license renewal in mid-December. That fee and the no-cost state license renewal are handled by ADOR. If you need help with the forms, please turn it in with your December work so we can fill it out and send it back.

The City of Tucson's \$50 annual business license fee is billed separately and

must be paid to the city, not to the state along with state fee. It can be paid by mail, at a city cashier, or online at www.tucsonaz.gov/inet/.

Silicon Valley Exodus

The 2020 pandemic spurred an unexpected corporate effect. Numerous companies that never envisioned having off-site workers discovered ways to have employees work remotely in quarantine. "WFH" (Work From Home) became a standard acronym.

Many corporate executives long feared loss of productivity and control if workers weren't in their cubicles. Research this

past year found that productivity actually is higher for WFH staff.

Companies with vast, currently empty office space have figured out that there can be hefty cost savings with remote employees -- no office rent, no utilities cost, and plenty of other savings.

Beyond those cost savings, several major Silicon Valley firms realized that telecommuting also means the physical

location of their headquarters is less important.

Oracle, the database software company, is the latest to announce the move of its headquarters from California to Texas. It joins Hewlett Packard and Palantir Technologies which have recently left Silicon Valley.

Tesla and SpaceX founder Elon Musk said in December that he has personally moved to Austin, TX, from Los Angeles. Both companies have major facilities in Texas as well as California.

Not the least of the considerations is that California has the highest personal tax rates in the country while Texas has no individual income tax.

