

February 1, 2009

Newsletter

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ANNUAL CORPORATE MINUTES

1. The IRS insists that a corporation "act" like a corporation.
2. One of the requirements of a corporation is that it has an annual meeting to elect (or re-elect) the directors and officers.
3. If you fail to do that, the IRS will probably never know.
4. HOWEVER, if you have a routine audit and the auditor asks for the minutes of your annual meeting and you do not have them, then you have not "acted" as a corporation.
5. The auditor could declare that the business is not a corporation and is therefore a sole proprietorship or partnership.
6. The increase in tax would be staggering.
7. "If they want it, I can always write it up!"
8. It does not work that way. Here's how it would work:
 - a. Auditor: "May I see a copy of your annual minutes?"
 - b. Taxpayer: "Sure, oh wait, no, I have them somewhere else. It will take me a day to get them out of storage. Is that OK?"
 - c. Auditor: "That's OK, don't bother. I'll just put down 'not available.'"
 - d. Letter from IRS several days later: "Dear Taxpayer, because you failed to produce a copy of your annual minutes, you are hereby declared to be a sole proprietor. We will send our bill for self-employment tax within 30 days. In the meanwhile, we suggest that you get your affairs in order."
9. We have posted a guide for the annual meeting based on information from the secretary of state.
10. Please download it, use it to record your minutes, and keep it with your copy of your corporate tax returns.
11. If we maintain a lockbox for you, we invite you to fax us your minutes and we can store them permanently in your lockbox.
12. You can download the guide at:

<http://www.brrinc.org>

[See our cardfile] at the top menu bar

scroll down to [CORPORATE MINUTES]

Call me at (985) 264-9040 if you do not have computer access to your lockbox. I will print out the worksheet and mail it to you.

Dutch Hawkins

Business Resources & Reports.