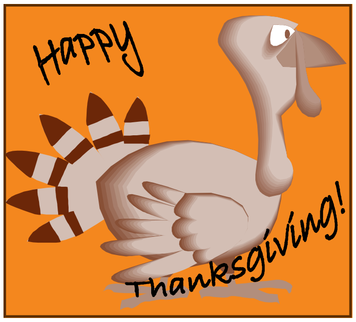


DONOVAN SULLIVAN & RYAN

November 2010 | A Newsletter for our Clients and Friends

FROM THE PARTNERS PEN….

Dear Clients and Friends,

Please be sure to read our article on filing 1099 forms for 2010. While the rules for 2010 have not changed, the filing requirements for 2012 have been greatly expanded.

Once again, we attended the annual MAIA Big Event at the Marriott Copley Place in Boston. This is the trade show for independent insurance agents and attracts insurance professionals from throughout New England. This year, in addition to our booth at the show, I participated in a panel discussion on the purchase and sale of insurance agencies. The presentation was well attended and I was proud to be on the panel with two of our insurance clients, Ely Kaplansky of Kaplansky Insurance and Elizabeth Eyster of Corcoran & Havlin Insurance. The winner of the raffle prize at our booth, a Best Buy gift card , was Leo Corsetti, Jr. from Doukakis Corsetti Insurance Agency in Arlington. Congratulations, Leo!

Wishing you and your families a very Happy Thanksgiving!

Sincerely,

Mike Ryan

FORM 1099 FILING REQUIREMENTS

The following is a summary of the filing requirements for Forms 1099 which are due on an annual basis and, as always, the IRS continues to impose stiff penalties for non-compliance or incomplete information. To avoid penalties, now is the time to begin gathering this information so that the forms can be filed accurately and on time.

If your trade or business makes payments for the following items to any unincorporated business or individual, in the amounts as specified below, a Form 1099 is required:

1. Subcontractors or others providing services - $600 or more.
2. Rents and Commissions - $600 or more.
3. Interest or Dividends - $10 or more.
4. Pension/profit-sharing plans - $10 or more.
5. Direct sales of consumer products of at least $5,000.
6. Payments made to all providers of medical and health care services of at least $600 must be reported regardless of whether the recipient is a professional corporation.
7. All payments to attorneys must be reported regardless of whether the recipient is a professional corporation.

Please contact our office if you have any questions about whether or not you need to file 1099's. We can prepare them for you in our office.

Also, we will keep you posted on any changes to future 1099 reporting that may occur. Currently, new legislation resulting from the Health Care Reform Bill is under debate in the Senate. Under this new legislation, slated to begin in 2012, any payment or purchase exceeding $600 in a calendar year would need to be accompanied by a 1099 filing.

Social Security Updates for 2011

- The Social Security wage base will remain $106,800 for 2011.
- The tax rates for FICA and Medicare will remain at 6.2% and 1.45%, respectively.

- There will not be a cost of living hike for Social Security benefits in 2011. This is the second consecutive year with no increase.
- Congress is expected to OK a special $250 payment to benefit recipients for 2011. This represents less than 2% of the average annual Social Security benefit.

"More than accountants….business advisors"

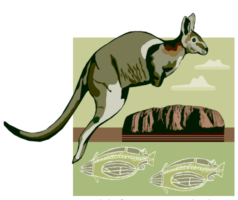
DONOVAN SULLIVAN & RYAN NEWSLETTER November 2010

IRS ISSUES FINAL REGULATIONS ON NEW INVESTORS
REPORTING GAINS AND LOSSES GETS EASIER STARTING IN 2011

The Internal Revenue Service recently issued final regulations under a law change that will require reporting of basis and other information by stock brokers and mutual fund companies for most stock purchased in 2011 and all stock purchased in 2012 and later years. The reporting will be to investors and the IRS. This additional reporting will be optional for stock purchased prior to these dates.

This important reporting change means investors will now receive the information they need to more easily and accurately report their gains and losses. This new requirement will also reduce the recordkeeping and paperwork burden for millions of taxpayers and their tax preparers. Form 1099-B, Proceeds from Broker and Barter Exchange Transactions, long used to report sales prices, will be expanded in 2011 to include the cost or other basis of stock and mutual fund shares sold or exchanged during the year. Stock brokers and mutual fund companies will use this form to make these expended year-end reports. The expanded form will also be used to report whether gain or loss realized on these transactions is long-term (held more than one year) or short-term (held one year or less), a key factor affecting the tax treatment of gain or loss. The expanded form, to be first used for calendar year 2011 sales, must be filed with the IRS and furnished to investors in early 2012.

AROUND THE OFFICE



AUSTRALIA

Bonnie Tyrrell just returned from a two week trip to Australia with her husband, Rob, and son, Danny. They met up with Bonnie's daughter, Jenna, a senior at Providence College, who is studying at the Australian National University for the semester. They traveled to Sydney for the famous bridge climb, to Cairns where they dove and snorkeled the Great Barrier Reef and they hiked the Daintree Rainforest. Their trip ended in Canberra, Australia's Capital and site of Australian National University. Bonnie and her family agree it was truly the trip of a lifetime!

Barbara Martin and her husband recently visited Washington, DC, touring the White House, the Capitol and House of Representatives Gallery, many museums, and the impressive monuments and war memorials. Fun moments were viewing the zoo's giant pandas and spotting the President's Marine One helicopter ascend from the White House lawn. Arlington National Cemetery, including the changing of the Guard, was an awe-inspiring experience.

Sue O'Brien recently returned from a family trip to Walt Disney World in Orlando, FL . She was accompanied by her husband, son, daughter in law and four of her grandchildren. A magical time was had by all!

In preparation of the upcoming tax season, **Anne Kraus, Joyce Foley and Sue O'Brien** will be attending Surgent's Federal Tax Camp at Lantana in Randolph.

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