Massachusetts amended tax return instructions

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Your state tax amount may be affected by changes to your federal tax return. For information on how to fix your state tax return, contact the state tax office. The processing time for the IRS 1040-X form, as amended in the U.S. Personal Income Tax Return, is up to 16 weeks, whether you file electronically or on paper. If you owe the balance of the changes to your amended tax return, you may be liable for interest and penalties. If you have to return the money based on the changes you make, you will usually have to file a modified declaration within three years of the date of filing the initial return, or within two years of the date when you paid the tax, depending on what is later to receive the refund. The Internal Revenue Service will not process your tax return as amended if: You do not attach all the forms and schedules that you change. The amounts in your amended tax return do not match the IRS records from your initial return. Pay special attention to the 1040-X IRS A column: Adjusted Gross Income, TaxAble Income and Tax. This is where most of the mistakes happen. Protecting Americans From Tax Hikes (PATH) Act Prevents You From Filing Past Due Declarations or Changed Returns Claiming Earned Income Tax Credit (EITC), Child Tax Credit/Additional Child Tax Credit (ACTC), or American Opportunity Tax Credit (AOTC), if the reason you are filing, is because now you have a valid taxpayer identification number (TIN) required for each loan, but such TIN has not been issued on If you are unsure what was in your original tax return, get a transcript. If you have received a notification that the IRS needs more information to process your modified tax return, send this information to the address in the notice within the time it takes to expedite processing. If you buy or sell software or computer services that are used by anyone in Massachusetts, your life just got a lot harder. The state of Massachusetts recently increased taxes on gas, cigarettes... and software. This tax applies to all computer software, including pre-written updates that are not developed and developed by the author. Vague and scary, isn't it? Well, if you don't want to be caught up in tax evasion, here's what you need to know. Anyone working in the IT industry who sells software or related services to any business that has an office in the state Any company that has software used in Massachusetts (internal software or external software presumably) and who does not do all their own IT work. It's crazy, isn't it? There's already a petition for Change.org, and rumors this law is likely to be amended, but at the same time you have to pay taxes for the worst case scenario. When do I have to start paying? Immediately. This law came into force a couple of weeks ago, and therefore, starting on July 31, 2013, any contractors, freelancers or IT IT you need to start charging your customers if their software is being used in Massachusetts. If you are not set up to collect Massachusetts sales tax, you can talk to your accountant now. I spoke to my representative some time ago and they confirmed that probably some percentage of the work we will be taxed and some will not. I explained that there is no way for our technology to separate one from the other in our current ticketing system, and even if it were, I couldn't even train them how to do it fast enough. -Delcie Bean CEO of Paragus Strategic IT That affects many software vendors whose customers use Google Apps; If they have a customer rolling out Google Apps across the industry and they need help setting up or updating anything, the freelancers and web design stores that get this business cottage industry will now be taxed. How do I know if something is taxed? This extra tax is not only cumbersome, it's super confusing. For example: if you install software (Microsoft Office, Constant Contact, Drupal, etc.), it is taxed if your client clicks the mouse to install it, it is not taxed training your client to use this software is not taxed, but if you set up or customize the software in any way, it is taxable if you do not actually make any changes while just discussing them and planning them, it's consulting and tax-free, if you create graphic design layouts, it's not taxed, but once you implement this design (i.e. program it), it becomes taxable if you use pre-software not developed by you (like WordPress) At least that's how we think it works. What this definitely means is that IT businesses in Massachusetts are going to take a hit. We have a lot more documents and a lot of nuances to work on now; for example, we rent a server and resell part of it to our customers. Hosting costs include security patches, so some percent of our hosting costs are taxed, even hosting is tax-free and our server is not in Massachusetts.And what if someone prepaid for 100 hours of work that has not yet been determined? How much will be taxed? It seems you can't take your money without collecting sales tax pre-emptively, regardless of whether the sales tax will actually apply. And, according to the Massive Revenue Department (DOR), you should simply overtax instead of insufficient taxation if you want to avoid fees. Great.This hurts small development stores than anyone. I'm sure the HPs of the world will be fine; Big cap companies may have to invest quite a bit in training and accounting because of this, but they also have expensive lawyers at their disposal who can work out loopholes. These are freelancers and small shops who already pay income tax on their work, which will have the greatest increase in their their burden, accounting costs and liability as a percentage of income. And it's not just Massachusetts developers who have to deal with this. It's anyone who has customers who have software that is being used in Massachusetts.What's the exact wording of this pernicious law? ... computer software, including a pre-update that is not developed and developed by the author or other creator in accordance with the specifications of the particular buyer. Combining two or more pre-rewritten computer programs or their preliminary part does not cause a combination other than pre-written computer software. Pre-computer software includes software developed and developed by the author or other creator in accordance with the specifications of a particular buyer when it is sold to a non-specific buyer. Where a person changes or improves computer software, the author or creator of which the person is not, the person is considered the author or creator of only modifications or improvements of such person. ... Read the full text of the law here. Is there anything about this law that actually makes sense? My accountant ties himself up in knots, trying to distinguish between rewritten software and custom software. Is access taxable? Is the MyS'L database? - Don Lesser, Pioneer Training, Inc. As my colleague Don told me in the quote above, it will fall on our employees to figure out how to interpret this law. We get very little guidance from the people who did this. Massachusetts lawmakers have created a frequently asked question that answers some of the big questions. But unfortunately, examples of how Floppy Disc Co. can navigate the laws (this is the name of a hypothetical company, I'm not kidding) barely scratch the surface. We have created a flow scheme for our customers to help them understand how this law will affect them and we will keep it as up to date as we can. Here's what (we think) we know: No hosting tax. It doesn't matter where you're posting the information. If the business you work for has offices in Massachusetts, you have to collect taxes. Any work until 7/31/2013 is exempt. Any work paid for and paid for before 31.07.2013 is exempt from liability regardless of whether the work is completed. Generally troubleshooting or reinstalling existing software is not taxable, but if you add any new hardware or software your time is taxed. For customers with multiple locations, your customers can get an MPU certificate. Once they're that you don't charge them a sales tax, not, they are responsible for their own Massachusetts portion of use and for filing a Massachusetts tax return. All subcontractors must levy a tax and you must pass this tax on to your customers. No more burying the cost of submarines in the total cost of the project. Project. and attorneys who use open source software or ready-made software to obtain tax returns or prepare documents are exempt, as are the Commonwealth of Massachusetts and the U.S. government. Patches and installation of antivirus software are taxed. If you are in Massachusetts and you are working with out-of-state clients they are exempt from THE UNLESS they come to your office for services, in which case some (all?) of your services are taxed. 501 (c) (3) nonprofits are exempt from tax as long as they are registered in Massachusetts and have been granted FORM ST-5 from DOR. If you offer a customer a combined (taxable and tax-free) set of services, and 10% or less of work is taxed, you are not required to collect sales tax for that total amount of work. Although it depends on the state's definition of a non-essential serving only as a guideline, and varies depending on the facts and circumstances of the transaction. (See this page for more information.) Teach yourself on available documentation: DOR's TIR What does the new bill mean for employers? DOR's frequently asked questions, what's the brilliant idea of this? I think Bill Wilder of coding Out Loud explained this best: I heard from representative (Denise) Garlick. She is concerned and seems to have her understanding of the law as written may differ from the interpretation of DOR. Here's an excerpt from her email: As I understand how I voted (Massachusetts House of Representatives) is that this proposal is tax-free: custom built-in computer programs, data recovery services, website design, cloud, or access to software hosted on a third party server. In addition, the tax on computer services included in this plan is not taxed: downloaded music, books or games. In addition, this tax does not apply to many consumer computer services, including technical support, removal of software from a computer (such as the removal of malware or virus) or the launch of diagnostics. I think the custom built computer software and website design appear (in my interpretation) to be seen as taxable in DOR frequently asked questions, but this contradicts the expectations of Representative Garlick when she voted for him . According to State Sen. Stan Rosenberg (current Senate Majority Leader and Next Senate President), the proposal came from Deul Patrick's office and was passed by the Department of Revenue and stamped by most state legislatures (35-5 and 123-33). The implementation of tax legislation depends on the Revenue Department. They didn't raise questions industry, and their views were driven by this process. The Legislature followed the administration's lead, as was their proposal, and the Legislature believes they could implement a new tax based on information provided by the Patrick administration. The administration must develop rules and regulations, provisions, introduce a new tax law. If they had problems with its implementation, they would have to return with the recommended clarification. This law was finalized about a week before its implementation, and it shows. If you feel outraged, here are some things you can do: Sign this petition. Be sure to provide feedback to the people who define this policy and who interpret the law. It's definitely worth sending them any fringe case you may think to help them further determine the law. The more cases fringe they have the more chances that they will do the right thing. Call DOR at (617-887-MDOR) and let them know what you think. Representative Jim Lyons (Andover Ma) seems to be the only voice of reason in the Mass Senate. He's fighting that tooth and nail. Give him some love and offer his help. Email: James.Lyons@mahouse.gov Facebook Twitter If you live or have offices in Massachusetts, definitely let your lawmakers know that you disapprove that they rubber-stamp it. If you just feel like whining, here are a few people you can talk to, no wonder we couldn't find any of them on Twitter, and most of them don't even show up to get Facebook: Further ReadingRead of this great analogy if the same law was passed for plumbers, which shows why it's such a burden on developers. The full law can be seen on the official Massachusetts page. They also have frequently asked questions, which is moderately helpful. (Image: Wikimedia) Wikimedia