New Practice Start-Up Kit

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Contents

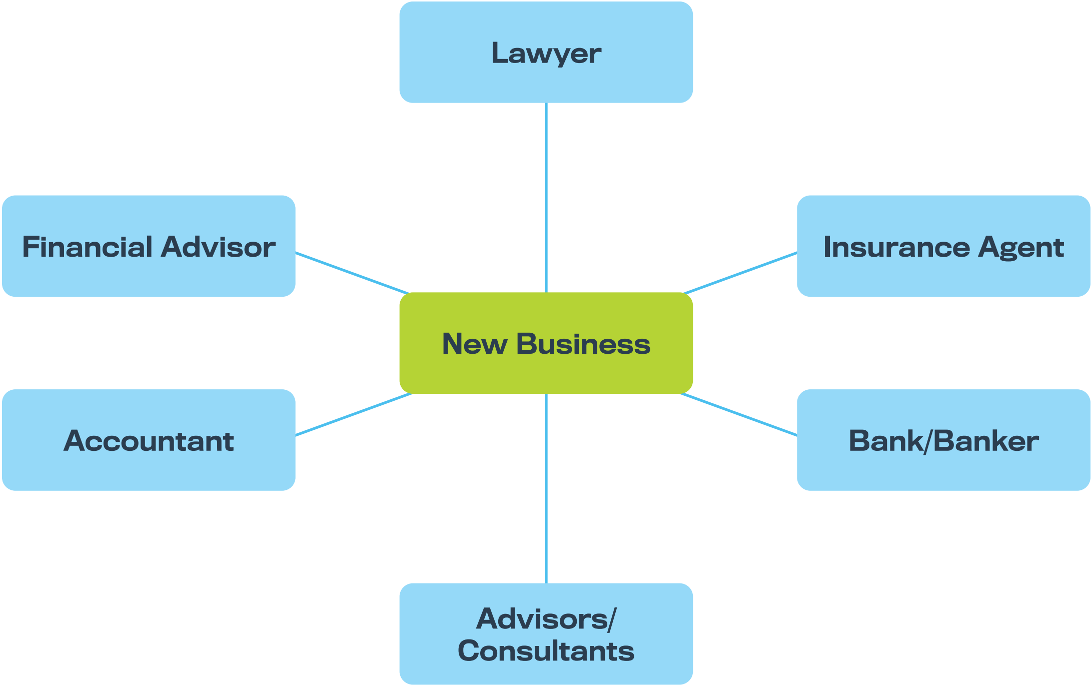
I. Introduction

To the New Practice Owner:

When starting a new practice, there are many things to do and many decisions to make–it can seem overwhelming. Location, product, market, staffing, raising capital, purchasing equipment and budgeting cash flow are a few of the things to consider.

This booklet is intended to introduce you to some of the less obvious, and often times overlooked or misunderstood, regulations pertaining to a business, as well as a few other items to consider.

One of the most important things you can do in starting a new practice is surround yourself with competent advisors. Some you will undoubtedly need immediately and on an ongoing basis. Hopefully, others you will need as the business progresses. The chart below highlights some of these advisors.



II. Occupational Licenses

Before doing business in any community you should check with City Hall and the County Courthouse to find out whether a Local Business Tax Receipt (LBTR) and zoning approval are required. There is usually an annual fee and the amount varies with the type of business. Check both city and county governments, as requirements may apply at both levels.

III. Beneficial Ownership Information (BOI) Reporting – Corporate Transparency Act

As of the publication date, FinCEN's interim final rule exempts U.S.-formed entities and U.S. persons from BOI reporting. Certain foreign entities registered to do business in the United States may still have reporting obligations. Because CTA rules and litigation have changed repeatedly, business owners should verify current requirements before relying on this summary.

IV. Sales & Use Tax

Sales tax obligations – including whether you need to collect it, what rate applies, which forms to file, and when – vary significantly by state and by industry. Your CPA or state's department of revenue can help you determine your specific obligations. Note that even businesses whose sales are fully exempt from sales tax may still owe Use Tax on tangible property purchased for business use.

V. Selecting A Year End

Sole proprietorships are required to use a calendar year for reporting income. Therefore, these entities will always have a year end of December 31.

Corporations (except S-Corporations) can choose the last day of any month as their year end. The month selected depends on such things as the natural business cycle of the company, seasonal trends, and other considerations, including tax deferrals.

S-Corporations and partnerships generally must use December 31 as their year end, unless certain exceptions apply (such as a business purpose year or ownership tax year rules).

Taxpayers other than corporations are legally required to use a December year end, which creates a seasonal backlog of work for most people in the business of preparing returns. Therefore, a corporation would be wise to pick a month other than December through February to end its year unless seasonal trends or tax deferrals require otherwise.

VI. State And Federal Identification Numbers

Sole proprietorships are only required to file for State and Federal Identification Numbers if they have employees. However, it is recommended that businesses obtain these numbers if they expect to utilize independent contractors and will need to report information to the IRS at year end.

All new corporations are required to file for a Federal Identification Number. This number is used the same way a Social Security Number is used by an individual. It is needed to open a bank account for the corporation, the same as a Social Security Number is needed for an individual.

A. Federal ID Number Application

Application for a Federal Identification Number is made on Form SS-4, *Application for Employer Identification Number*. This form can be completed online on the IRS website. When the Internal Revenue Service issues your number, they will also send you pertinent information about income tax and payroll tax withholdings and deposits.

B. State ID Number Application

Application for a state identification number is made through your state's department of revenue or equivalent agency. Anyone paying wages must register and obtain a state identification number. Your state will issue the appropriate employer reporting forms and deadlines once registered.

Wages include salaries to officers and stockholders of a corporation. Wages do not include payments to partners or sole proprietors, even if categorized as "salaries" or "draws" on the equity.

VII. Healthcare Practice Compliance and Operations

Most of this booklet applies to any new business. This section covers the requirements that are specific to a healthcare practice. They run alongside the general setup steps elsewhere in this booklet, and several of them take weeks or months to complete, so start them early.

A practice can have its space leased, its staff hired, and its doors open, and still be unable to collect a dollar because payer enrollment was not started in time. Treat the steps below as part of opening the practice, not paperwork to handle later.

A. NPI and Provider Enrollment

The National Provider Identifier (NPI) is a ten-digit number that identifies you and your practice in nearly every billing and insurance transaction. You cannot enroll with Medicare, Medicaid, or a commercial insurer without one, so this is the first step. There is no fee. Apply online through the National Plan and Provider Enumeration System (NPPES) at nppes.cms.hhs.gov.

There are two types, and a new practice often needs both:

- **TYPE 1** identifies an individual clinician.
- **TYPE 2** identifies an organization, such as a group practice or a professional corporation. If you have formed a corporation or PLLC, the entity that bills needs its own Type 2 number.

When you apply, you will select a taxonomy code that describes your specialty. Choose it carefully, because payers match it against the services you bill. After your NPI is issued, keep your NPPES record current: changes to your name, address, or ownership must be reported within 30 days.

B. Medicare, Medicaid, and Commercial Payer Enrollment

Getting paid by insurers means enrolling with each one separately, and this is the longest lead-time item in opening a practice. Begin as soon as your entity and NPI allow. You generally cannot bill for services provided before your effective date, and that date depends on when a payer receives a complete application.

MEDICARE. Enroll through the Provider Enrollment, Chain and Ownership System (PECOS) at pecos.cms.hhs.gov, or by paper using the CMS-855 forms:

- **CMS-855I:** individual providers
- **CMS-855B:** groups and clinics
- **CMS-855R:** reassigning benefits to your practice
- **CMS-588:** electronic funds transfer setup

Processing commonly takes a couple of months, sometimes longer.

MEDICAID. Enrollment happens at the state level, through each state's Medicaid agency and provider portal. Requirements and timelines vary from state to state and differ from Medicare, so confirm the current process with your state's Medicaid program or your CPA.

COMMERCIAL INSURERS. Each payer credentials providers separately, and many pull from your profile in the CAQH Provider Data Portal (the credentialing database recently rebranded as DataSpring; the portal still lives at proview.caqh.org). Build and attest to that profile early, then apply to each payer you intend to accept. Commercial credentialing often runs 90 to 120 days or more. Do not assume you can backdate claims. Some payers allow a retroactive effective date and some do not.

C. HIPAA and Business Associate Agreements

As a provider who transmits claims electronically, you are a HIPAA covered entity, and compliance is not optional from day one. Three rules govern your practice:

- **PRIVACY RULE**: controls how you use and disclose protected health information (PHI). Requires a Notice of Privacy Practices, a "minimum necessary" standard, and procedures for honoring patient rights.
- **SECURITY RULE**: applies to PHI you create, store, or transmit electronically. Requires administrative, physical, and technical safeguards, including a documented security risk analysis.
- **BREACH NOTIFICATION RULE**: sets out who you must notify, and how quickly, if PHI is exposed.

At a minimum, before anyone handles PHI:

- Designate a Privacy Officer and a Security Officer (in a small practice, this can be one person).
- Complete a security risk analysis.
- Write your policies and procedures.
- Train every member of your workforce, and document the training.

A **BUSINESS ASSOCIATE AGREEMENT (BAA)** is a contract you must have in place with any outside vendor that handles PHI on your behalf. Examples include:

- Billing companies
- EHR and practice management vendors
- Cloud storage and hosting providers
- IT support
- Document-shredding and answering services
- Attorneys or accountants who access patient information

Sharing PHI with a vendor before a signed BAA is in place is itself a violation. HIPAA is enforced by the HHS Office for Civil Rights, and penalties for noncompliance are significant.

D. OSHA and the Bloodborne Pathogens Exposure Control Plan

If your staff can reasonably be expected to come into contact with blood or other potentially infectious materials, the OSHA Bloodborne Pathogens Standard (29 CFR 1910.1030) applies to you. This covers most clinical settings, from a primary care office to a dental practice.

The standard requires a written Exposure Control Plan, kept on site and reviewed at least once a year and whenever job tasks change. Your obligations include:

- Offering the Hepatitis B vaccine to at-risk employees at no cost to them
- Providing personal protective equipment
- Using engineering controls such as sharps containers and safer needle devices
- Maintaining a sharps injury log
- Providing post-exposure evaluation and follow-up at no cost
- Training staff when they start and at least annually after that

Bloodborne pathogens are the most practice-specific OSHA requirement, but not the only one. The Hazard Communication Standard applies to the chemicals and disinfectants in your office, and general OSHA recordkeeping and posting rules apply as well. Your state may add requirements, so confirm what applies before you hire.

E. Professional Licensing and Facility Requirements

Several licenses operate independently of one another. Missing any one of them can stop you from seeing patients or prescribing, so confirm each is in place before you open:

- **INDIVIDUAL PROFESSIONAL LICENSES**: every clinician needs an active license from the relevant state licensing board. The issuing board and the specific requirements vary by state and by profession (medicine, dentistry, nursing, and others). Verify each provider's license is current and in good standing before they treat a patient.
- **DEA REGISTRATION**: required to prescribe or dispense controlled substances. A separate state controlled-substance registration may also apply.
- **CLIA CERTIFICATE**: required for any in-office lab testing, including simple waived tests like a rapid strep or urine dipstick. A Certificate of Waiver covers waived testing.
- **RADIATION EQUIPMENT REGISTRATION**: practices operating x-ray or other radiation-producing equipment generally must register it with the state.

Facility licensure varies widely by state. Some states require certain clinics or practices to hold a separate facility license, and may offer exemptions (for example, for practices wholly owned by licensed practitioners), while other states impose no separate facility license at all. Check with your state's health care licensing agency to determine whether you need a license, an exemption, or neither, and confirm the details with your attorney before opening. This is in addition to the local occupational licenses and zoning approvals covered in Section II.

F. Revenue Cycle and Practice Operations

A healthcare practice does not get paid the way most businesses do. Payment comes mostly from third-party payers, on their timelines and their terms, and the work of getting paid runs through every part of the visit. Understanding the revenue cycle before you open will protect your cash flow more than almost anything else you do.

The cycle runs in stages:

- **BEFORE THE VISIT**: scheduling, insurance eligibility verification, and prior authorization where required. Most denials trace back to something missed here, so build a front-desk process that verifies coverage and collects copays and known balances at check-in.
- **AT THE VISIT**: accurate clinical documentation drives accurate coding (CPT, ICD-10-CM, and HCPCS), and coding drives the claim.
- **AFTER THE VISIT:** claims are scrubbed and submitted, usually through a clearinghouse; payments and denials are posted; denied or underpaid claims are appealed; and remaining patient balances are billed and collected.

To run this, you will need a practice management system, an EHR, and a clearinghouse, plus a fee schedule and a working understanding of what each payer contract actually allows. Decide early whether you will handle billing in-house or outsource it.

Either way, watch a few numbers from the start:

- **Days in accounts receivable**
- **Clean-claim rate**
- **Net collection rate**
- **Denial rate**

These tell you whether the practice is actually converting work into cash.

One caution sits underneath all of it: coding and billing accuracy is a compliance matter, not just a financial one. Billing for services that are not documented or not supported exposes the practice under the False Claims Act and to payer audits. A simple written compliance plan and periodic coding review are worth setting up before problems compound.

The requirements in this section carry real penalties and real deadlines, and several of them interact with the business structure, tax, and payroll decisions covered throughout this booklet. Confirm what applies to your specific practice, location, and specialty with a qualified CPA, attorney, or licensed advisor before you open your doors.

VIII. Definition of an Employer/ Employee

The question of whether you are in fact an employer frequently arises. It is a significant question in that substantial administrative burden and costs are involved in having an employee or employees, including those discussed in Sections VIII to XII of this booklet. The balance of this section is from Circular E, *Employer's Tax Guide*, published by the Internal Revenue Service.

A. Are you an Employer?

It is important to know whether you are considered an employer for tax purposes. Generally, an employer is a person or organization for whom a worker performs a service as an employee. The employer usually provides the tools and place to work and has the right to terminate an employee. A person or organization paying wages to a former employee after the work ends is also considered an employer.

Specific definitions of employers apply for income and Federal Unemployment (FUTA) tax purposes:

INCOME TAX WITHHOLDING–For income tax withholding purposes, the term "employer" includes organizations that are exempt from income, FICA (social security and Medicare) and FUTA taxes.

FUTA TAX–For FUTA tax purposes, an employer is:

1. **Any person or organization that during this year or last year either:**
   a. **Paid wages of $1,500 or more in any calendar quarter, or**
   b. **Had one or more employees at any time in each of any twenty calendar weeks.**

2. **Any agricultural employer who during this year or last year either:**
   a. **Paid cash wages of $20,000 or more for farm labor in any calendar quarter, or**
   b. **Employed ten or more farm workers during some part of a day for at least one day during any twenty different weeks.**

3. Any household employer who during this year or last year paid cash wages of $1,000 or more during any calendar quarter for household service in a private home, local college club or local chapter of a college fraternity or sorority.

B. Who are Employees?

Generally, employees can be defined either under common law or under special statutes for special purposes.

COMMON LAW EMPLOYEES—Anyone who performs services that can be controlled by an employer (what will be done and how it will be done) is an employee. This is so even when the employer has the legal right to control the method and result of the service.

Generally, people in business for themselves are not employees. For example, doctors, lawyers, veterinarians, construction contractors and others in an independent trade in which they offer their services to the public are usually not employees.

If an employer-employee relationship exists, it does not matter what it is called. The employee may be called a partner, agent or independent contractor. It also does not matter how payments are measured or paid, what they are called, or whether the employee works full- or part-time.

There is no employee class difference. An employee can be a superintendent, manager or supervisor. Generally, an officer of a corporation is an employee, but a director is not. An officer who performs no services or only minor ones, and who neither receives nor is entitled to receive pay of any kind, is not considered an employee.

Whether an employer-employee relationship exists will be determined by guidelines under Section 3121(d) of the Internal Revenue Code of 1986 and by long-standing common-law tests.

STATUTORY EMPLOYEES—There are special definitions of statutory employees for FICA and FUTA taxes.

For FICA tax purposes, an employee is a person who performs any of the services in (a) through (d) below for pay under the "conditions" in (1) through (3) below:

a. An agent (or commission) driver who delivers food or beverages (other than milk) or laundry or dry-cleaning for someone else.

b. A full-time life insurance salesperson.
c. A home worker who works by the guidelines of the person for whom the work is done, with materials furnished by and returned to that person or to someone that person designates.
d. A traveling or city salesperson (other than an agent-driver or commission-driver) who works full-time (except for sideline sales activities) for one firm or person getting orders from customers. The orders must be for items for resale or used as supplies in the customer's business. The customers must be retailers, wholesalers, contractors or operators of hotels, restaurants or other businesses dealing with food or lodging.

CONDITIONS—To be considered an employee for FICA tax purposes, a person in (a) or (d) must meet all three conditions below:

1. It is understood from a service contract that the services will be performed by the person.
2. The person does not have an investment in facilities (other than transportation) used to perform the services.
3. The services are the kind that involve a continuing relationship with the person for whom they are performed.

For FUTA tax purposes, an employee is a person described in (a) or (d) who performs services for pay under the conditions in (1) through (3).

Publication 539, Employment Taxes, gives examples of the employer-employee relationship.

If you want a decision about whether a worker is an employee, file form SS-8, *Information for Use in Determining Whether a Worker is an Employee for Purposes of Federal Employment Taxes and Income Tax Withholding*. The form is available at IRS offices. You may also reference other resources such as IRS Publication 15 and IRS Publication 15-A.

IX. Minimum Wage and Overtime Requirements

The minimum wage laws are not to be ignored. Any new business should be familiar with their applicability. The requirements for overtime pay are also strict, and noncompliance can be very costly. For information, contact the Department of Labor, Wage and Hour Division or visit dol.gov.

Minimum wage rates vary by state and are updated regularly – many states set rates above the federal minimum of $7.25/hour. Check your state's department of labor for the current rate and any scheduled increases. Employers are required to post notification of the current applicable minimum wage.

X. New Hire Reporting

Federal and state law requires all employers to report each new or rehired employee to a designated state directory within a short window of their start date. The reporting method and timeline vary by state. Consult your state's department of labor or your CPA to ensure you have the right process in place before your first hire.

For example, in Florida employers generally must report new and rehired employees within 20 days of hire. Florida also requires reporting for independent contractors paid $600 or more per calendar year for services in the course of a trade or business, within 20 days after the applicable start/payment trigger.

XI. Form W-4, Employee's Withholding Certificate

All new employees must fill out a Form W-4, *Employee's Withholding Certificate*, and an I-9, *Employment Eligibility Verification.*

The W-4 provides the employer with information necessary to withhold taxes from the employee's paycheck. It also provides the employee's Social Security Number. This form should always be prepared before the employee begins work. There is a penalty for all W-2s filed annually with the Internal Revenue Service which don't have employee Social Security Numbers.

Form I-9 is a federal form administered by USCIS within DHS, required for every U.S. hire to verify identity and work authorization. Failure to properly complete and retain it can result in civil and criminal penalties enforced by ICE. For more information, refer to the current USCIS I-9 Central webpage.

XII. Payroll Tax Returns

A. Quarterly

If you pay wages, you are required to file two payroll tax returns quarterly. The first return is Form 941, Employer's Quarterly Federal Tax Return. This form is filed with the Internal Revenue Service and is used to report total wages, total income tax withheld, total FICA (Social Security and Medicare Tax) tax withheld and total employer's matching FICA for the quarter. See the "Payroll Tax Deposit Requirements" section of this booklet to determine when and how these taxes are to be paid to the Internal Revenue Service.

Most states also require a quarterly state unemployment tax report. The form, rate, wage base, and deadline vary by state – contact your state's department of revenue or labor for details.

B. Annually

1. W-2s and W-3

By January 31st each year businesses are required to furnish each employee with their Form W-2, *Wage and Tax Statement***. The filing deadline to file the copies of the Form- W-2 with the Social Security Administration is January 31st.**

Form- W-2 reports the total wages and withholding deducted for the previous calendar year. The total wages reported on each W-2 should equal the total taxable wages reported for the four quarterly 941s. Income taxes withheld should agree with the quarterly 941s as well.

All the W-2s are to be sent to the Social Security Administration in one envelope. Included in this envelope should be one Form W-3, *Transmittal of Income and Tax Statement***, which summarizes the total number of W-2s, the total wages being reported, total taxes withheld, etc.**

2. Form 940

In addition to the quarterly state unemployment tax, there is a Federal Unemployment tax. Federal Unemployment tax is reported on Form 940, Employer's Annual Federal Unemployment Tax Report and is due by January 31 of each year. The tax is computed at a rate of .006 for the first $7,000.00 paid to each employee with a maximum of $42.00 per employee, per year.

The FUTA gross rate is 6.0%, less a 5.4% credit for states in compliance with federal requirements, resulting in a net rate of 0.6% on the first $7,000 paid to each employee.

For instructions on when to pay this tax, see the following section, ***Payroll Tax Deposit Requirements.***

XIII. Payroll Tax Deposit Requirements

A. Form 941 Payroll Tax Deposits

The deposit requirement for payment of taxes withheld from employees varies depending on the amount of liability. All new businesses fall into the category of having to make tax deposits monthly. Therefore, we will discuss the deposit requirements for monthly deposits.

Computation of monthly tax liability:

Total FICA wages paid for the month	$	XXX.XX
Multiply by .153	x	.1530
Total social security and Medicare tax liability		XXX.XX
Plus income taxes withheld		XXX.XX
Total tax liability for the month	$	X,XXX.XX

Each month the liability should be computed in this manner for tax withheld from wages paid. The emphasis is on paid not earned. For example: The pay period for January may end on the 29th and paychecks issued on February 1st. The liability for this pay period would be included in February's computation and not January's.

If an employer ever has a liability of over $100,000 a deposit is required by the next banking day.

Payroll tax liabilities and subsequent deposits can be very complex with taxable limits on social security wages and additional taxes due from employees on Medicare wages over $200,000. It is recommended that you thoroughly understand the guidelines for withholding and deposits. Contact the IRS or your CPA with any questions. Information related to this can be found in IRS *Publication 15 (Circular E), Employer's Tax Guide*.

B. Form 940 Federal Unemployment Tax Deposits

While the Federal Unemployment tax return is due annually, the liability is computed quarterly. If, at the end of any quarter, the cumulative liability for the year is greater than $500, a liability deposit is due.

C. Electronic Filing Requirement

Businesses are required to make deposits by telephone or online using the Electronic Federal Tax Payment System (EFTPS).

Enrollment in EFTPS

Businesses must enroll before depositing taxes using EFTPS. This can be done online at the IRS website or by completing Form 9779 (EFTPS-Business Enrollment Form) and mailing it to the EFTPS enrollment center. Information on EFTPS, including how to enroll, can be found at www.eftps.gov or by calling EFTPS Customer Service at (800) 555-4477. Also, Form 9779 can be obtained by calling (800) 555-4477.

XIV. Insurance Needs

Before opening your business, be certain you have adequate insurance coverage. You should take great care in selecting a good, reputable insurance agent. They will see that you have proper liability and fire and casualty insurance, as well as workers' compensation insurance which is required by law. Workers' compensation requirements, available exemptions, and waiver procedures vary by state – consult your insurance agent and state regulations.

XV. Income Tax Returns

All businesses are required to file an income tax return with the Internal Revenue Service annually. Most corporations and some partnerships are also required to file state income tax returns.

The due date for filing sole proprietorship returns is April 15th of each year.

For C Corporations, returns are generally due on the 15th day of the fourth month after year-end, with a special rule for June 30 year-ends. Partnerships and S Corporations are generally due the 15th day of the third month after year-end. See Section V, Page 7, for a discussion of how to choose a year end for a corporation.

All businesses should have their books completed and delivered to their accountant or CPA within thirty days following the year end in order to have the tax return prepared and filed by the due date.

XVI. Legal Requirements

Because the environment in which today's businesses must operate is so complex, all businesses should select an attorney who can be consulted from time to time as the need arises. It is particularly important that you consult an attorney prior to or upon formation of the business to ensure you are in compliance with the many regulations under which you must operate.

XVII. Banking

Care should be exercised in selecting a bank which can handle your present needs as well as your anticipated future needs. Banks perform many services other than acting as a depository and lending funds. You should question your banker about such services.

XVIII. Computer and Software Installation

We recommend that you consult with your accountant or CPA before purchasing a computer and software. They have years of experience in selecting the most appropriate and reliable hardware and software to meet your needs.

XIX. Budgeting and Accounting Systems

Budgeting and setting up accounting systems are just two of the tasks you need to address very early in your business. If you need assistance, your accountant can help or will be able to refer you to the most reliable people.

XX. Income Tax Deposit Requirements

A. General

All businesses are required to prepare estimated tax declarations and make quarterly tax payments. If 90% of the income tax computed on the annual return has not been paid for individuals, you will be assessed a penalty for underpayment of estimated tax unless you meet certain exceptions. Corporations must pay in 100% of their current year tax liability for years beginning after 1993, unless they meet the exception outlined below.

The major exception for underpayment of estimated taxes by individuals is to pay in at least as much tax during the current year as you paid last year. For example: if you paid $3,000 in income taxes last year, you can pay in $750 per quarter this year (a total of $3,000 for the year) and, regardless of how much your total tax is at the end of this year, you will not be penalized for underpayment of estimated income tax. However, any additional tax will be due with the return at year end. This exception does not apply for high income individuals (adjusted gross income over $150,000 for the previous year). High income individuals are required to pay in 110% of the prior year's tax instead of the 100% required for other taxpayers.

A corporation will not be assessed an underpayment penalty if it made estimated tax payments equal to 100% of its prior year liability, provided it filed a twelve-month return and had a positive tax liability in the prior year.

B. Sole Proprietors, Partners and Shareholders in an S-Corporation

Sole proprietors, partners and shareholders in an S-Corporation make quarterly estimated tax payments by use of Form 1040-ES, *Declaration of Estimated Tax for Individuals.* **This form consists of four vouchers which can be detached. One voucher is sent with each payment to the IRS. These payments are due April 15th, June 15th, September 15th and January 15th. Any additional tax due for the year must be paid by the following April 15th to avoid penalty and interest assessments.**

C. Corporations (except S-Corporations)

1. ***Federal Income Tax***

   Federal estimated income tax payments for corporations are made quarterly by making deposits by telephone or online using the Electronic Federal Tax Payment System.

2. ***State Income Tax***

   State corporate estimated tax payment schedules vary. Contact your state's department of revenue for applicable due dates.

XXI. Property And Other Tax Returns

A. Tangible Personal Property Returns

Many states require businesses with tangible personal property to file an annual personal property tax return with a local or state authority. Deadlines and requirements vary by jurisdiction – consult your CPA or local tax authority.

B. Federal Highway Use Tax

Businesses using large trucks that carry cargo and buses are required to file Form 2290, "Federal Use Tax Return on Highway Motor Vehicles." Form 2290 must be filed for each month a taxable vehicle is first used on public highways during the taxing period. The taxing period begins July 1 and ends June 30. Form 2290 must be filed by the last day of the month following the month of first use. The filing rules apply whether you are paying the tax or reporting suspension of the tax.

C. Corporate Annual Reports

Most states require corporations to file an annual report with the Secretary of State or equivalent agency. Fees and deadlines vary – failure to file can result in administrative dissolution.

D. Information Returns (Form 1099)

Businesses may be required to file Forms 1099 for certain payments made in the course of a trade or business. For 2026, Form 1099-NEC generally applies to nonemployee compensation of $2,000 or more, while Form 1099-MISC applies to various categories such as rents, prizes, awards, medical payments, and attorney payments, with special thresholds and exceptions. Gross proceeds paid to attorneys may still be reportable at $600 or more. Obtain a Form W-9 before paying vendors and consult your CPA regarding entity-type and payment-category exceptions. IRS guidance states that, as of tax year 2023, filers with 10 or more information returns generally must file electronically.

E. Limited Partnership Reports

Most states require limited partnerships to file annual reports and pay associated fees. Requirements vary by state.

XXII. New Business Checklist

		Page Reference
☐	Have you contacted City Hall and/or the County Courthouse and obtained appropriate occupational licenses?	4
☐	Have you determined you will be liable for collecting sales tax and determined your state sales tax obligations and registered with your state's department of revenue if required?	6
☐	Have you carefully considered and selected your year end?	7
☐	Have you made application for a Federal Identification Number?	8
☐	Have you made application for a State Identification Number?	8
☐	Have you determined your applicable federal and state minimum wage requirements?	12
☐	Have all employees prepared W-4s and I-9s? Has a system been established to ensure all future employees complete these forms before beginning work?	14
☐	Have you determined what your payroll tax deposits will be and established a system to ensure that deposits will be made timely?	17
☐	Have you read the requirements for filing payroll tax returns and established a system to ensure that returns are filed timely?	16
☐	Have you contacted a reputable agent and obtained adequate insurance?	19
☐	Do you understand your requirements for filing income tax returns?	20
☐	Do you understand the requirements for making estimated income tax payments?	25
☐	Are you required to make estimated tax payments the first year?	25
☐	Have you determined what property tax returns you will need to file and established a system to ensure they will be filed timely?	27
☐	Have you marked your calendar for all important dates for tax deposits and tax returns?	31

- ☐ **Have you consulted an attorney to determine if all legal requirements have been met?** **21**
- ☐ **Have you selected a bank/banker that fits in with your overall requirements?** **22**
- ☐ **Have you consulted with your accountant about computer hardware and software, budgeting and a proper accounting system?** **23**

XXIII. Tax Calendar Due Dates—Business With December 31 Year End

January						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

March						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

April						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

May						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

June						
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Legend: Income Tax & Estimated Tax Due Dates

January 15	Q4 estimated tax due (pass-through owners: S-Corp, Partnership, LLC)
March 15	S-Corp & Partnership returns due (Forms 1120-S & 1065)
April 15	C-Corp return due (Form 1120) Single-member LLC return due Q1 estimated tax due
June 15	Q2 estimated tax due
September 15	S-Corp & Partnership extension deadline Q3 estimated tax due
October 15	C-Corp & single-member LLC extension deadline
December 15	Q4 estimated tax due (C-Corps)

Payroll Tax/Forms Due Dates	
January 31	Forms W-2, Wage and Tax Statements, must be distributed to employees. Form 940, Employer's Annual Unemployment Tax Return, due with balance of tax. Form W-3, Transmittal of Income and Tax Statements, along with Forms W-2 (see January 31 above), due date for filing with Social Security Administration.
January 31 April 30 July 31 October 31	Form 941, Employer's Quarterly Tax Return due. (See Page 7 for tax deposit requirements). State Form RT-6, Employer's Quarterly Tax and Wage Report, due along with tax.
January 31 April 30 July 31 October 31	Federal Unemployment Tax Deposits (if liability is $500 or more).

Income Tax Due Dates	
March 15	Federal income tax return and balance of tax due for corporations other than S-Corporations.
April 1	State income tax return and balance of tax due for corporations other than S-Corporations.
April 15 June 15 September 15 December 15	Federal estimated tax installment due dates for corporations other than S-Corporations.
April 15 June 15 September 15 January 15	Federal estimated income tax due dates for individuals who are sole proprietors, partners or S-Corporation stockholders.
April 15	Federal income tax return and balance of tax due for individuals.
May 31 June 30 September 30 December 31	State corporate estimated tax due dates vary – confirm with your state's department of revenue or CPA.

Other Tax Payments/Forms Due Dates	
January 31	Form 1099-NEC (nonemployee compensation: fees, commissions, and other compensation for services) due to both recipients and IRS.
January 31	Form 1099-MISC (rents, prizes, awards, and other miscellaneous payments) due to recipients.
January 31	Forms 1098, interest received on owner-financed mortgages sent to payers.
January 31 April 30 July 31 October 31	Form 504, Quarterly Excise Tax Returns, due.
February 28	Form 1099-MISC due to IRS (paper filing). Form 1096, along with copies of Forms 1099-MISC and 1098, due to IRS.
March 31	Form 1099-MISC due to IRS (electronic filing).
April 1	Tangible personal property tax return deadlines vary by state.
May 1	State corporate annual report deadlines vary – confirm with your Secretary of State.
20th of each month	State sales and use tax filing deadlines vary – confirm with your state's department of revenue.

XXIV. Wage and Hour: Why Getting It Right Matters

The consequences of Wage and Hour noncompliance are serious and often come as a complete surprise to business owners who believed they were in full compliance. The example below illustrates how a seemingly straightforward pay arrangement can result in significant back wages, penalties, and exposure. After reading this, you may wish to review your own practices and consult a qualified advisor if you have any doubt.

Wage and Hour Laws

Consider a home health agency that hired a patient care technician to work 48 hours per week and agreed to pay her $750.00 per week. Florida's minimum wage is $14.00 per hour from September 30, 2025 through September 29, 2026, and increases to $15.00 per hour on September 30, 2026. The employer calculated his obligation as follows and was satisfied he was in compliance:

[Note: The following example uses figures applicable at the time of publication. Substitute your state's current minimum wage where referenced.]

Regular pay: 40 hours × $14.00/hour = $560.00
Overtime pay: 8 hours × $14.00/hour × 1.5 = $168.00
TOTAL REQUIRED MINIMUM = $728.00

Since $750.00 exceeded the $728.00 computed minimum, the employer was confident he had met his obligations under the Wage and Hour laws.

"Not so," ruled the auditing agent during a routine Wage and Hour Division examination. "You owe this employee additional overtime for every week she has worked."

The problem was not the total amount paid – it was the order of operations. Under the FLSA, when an employee is hired at a fixed weekly salary, the regular rate is not the minimum wage – it is the actual rate implied by the agreement. That rate is determined by dividing total weekly compensation by total hours worked:

$750.00 ÷ 48 hours = $15.625/HOUR IMPLIED REGULAR RATE

Once the regular rate is established, overtime must be paid at 1.5 times that rate for all hours over 40. The correct weekly pay is therefore:

Regular pay: 40 hours × $15.625/hour = $625.00
Overtime pay: 8 hours × $15.625/hour × 1.5 = $187.50
TOTAL OWED PER WEEK = $812.50

Amount paid per week = $750.00
WEEKLY SHORTFALL = $62.50

The employer had been paying above minimum wage the entire time – but by agreeing to a flat $750.00 for 48 hours, he had set a higher regular rate for this employee, and was therefore required to pay overtime based on that higher rate. The agent ruled the employer owed the employee back wages for every week she had worked.

With a two-year lookback period under the FLSA (104 weeks), the total back wages owed for this one employee were computed as follows:

$62.50 × 104 weeks = $6,500.00

The agency had five employees under similar arrangements. The agent's final total across all employees was computed as follows:

$6,500.00 × 5 employees = $32,500.00

Under the FLSA, when violations are found not to be in good faith, employers are also liable for an equal amount in liquidated damages, bringing the total potential exposure to $65,000.00 – all from a pay arrangement the employer believed was perfectly legal.

Key Takeaway

Under the federal Fair Labor Standards Act (FLSA), overtime is calculated on hours worked over 40 in a single workweek – not on a daily basis. Most states follow the federal FLSA standard for overtime. Some states have additional daily overtime requirements – verify your state's rules. When you agree to pay an employee a fixed weekly salary, the implied regular rate is that salary divided by total hours worked – and overtime must be calculated from that rate, not from the minimum wage. A flat weekly salary that appears to cover overtime may not satisfy the law if the math is done in the wrong order.

If you have employees working more than 40 hours per week, or if you have any questions about whether wage and hour laws apply to your business, consult the local Wage and Hour Division office or an attorney with experience in labor law. In healthcare particularly, misclassification of workers and improper salary arrangements are among the most common – and costly – compliance failures.

XXV. Sample Tax Forms

A-3 Application for Employer Identification Number (Form SS-4) (Application for Federal ID Number) https://www.irs.gov/forms-pubs/about-form-ss-4
https://sa.www4.irs.gov/modiein/individual/index.jsp

A-4 Employees Withholding Allowance Certificate (Form W-4)
https://www.irs.gov/forms-pubs/about-form-w-4

A-5 Employment Eligibility Verification (Form I-9)
http://www.uscis.gov/files/form/i-9.pdf

A-6 Employer's Quarterly Federal Tax Return (Form 941)
https://www.irs.gov/forms-pubs/about-form-941

A-8 Transmittal of Income and Tax Statement (Form W-3)
https://www.irs.gov/forms-pubs/about-form-w-3

A-9 Wage and Tax Statement (Form W-2)
https://www.irs.gov/forms-pubs/about-form-w-2

A-10 Employer's Annual Federal Unemployment Tax Return (Form 940)
https://www.irs.gov/forms-pubs/about-form-940

A-11 Declaration of Estimated Tax for Individuals (Form 1040-ES)
https://www.irs.gov/forms-pubs/about-form-1040-es

A-13 Federal Use Tax Return on Highway Motor Vehicles (Form 2290)
https://www.irs.gov/forms-pubs/about-form-2290

A-14 Transmittal of U.S. Information Returns (Form 1096)
https://www.irs.gov/forms-pubs/about-form-1096

A-15 U.S. Information Returns (Form 1099)
https://www.irs.gov/forms-pubs/about-form-1099-misc
https://www.irs.gov/forms-pubs/about-form-1099-nec
https://www.irs.gov/forms-pubs/about-form-1099-misc

A-16 Request for Taxpayer Identification Number and Certification (W-9)
https://www.irs.gov/forms-pubs/about-form-w-9

A-17 "New Hire Reporting – contact your state's department of labor or visit your state agency's website for the applicable reporting portal.

About James Moore & Company: Specialized Healthcare CPAs

James Moore & Co. is a full-service CPA and advisory firm with more than five decades of experience serving Florida healthcare practices – physician groups, dental providers, community health centers, urgent care clinics, and more.

Healthcare is a core specialty, not a side practice. We understand the financial and regulatory pressures that come with running a medical practice, and we've helped many providers navigate the startup process specifically: choosing the right business structure, setting up internal accounting, managing cash flow, establishing payroll, and planning for taxes from day one.

As one client shared after opening his practice: "I had no idea how to set up my internal accounting. James Moore guided me all the way and connected me to financial advisors and banks who helped my business grow."

Our services for new and growing practices include business structure selection, tax planning and compliance, payroll and cash flow management, revenue cycle guidance, and HR compliance support. We meet with clients regularly throughout the year and stay proactive on the issues that matter most.

To learn more, visit https://www.jmco.com/industries/healthcare/

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