

IRS Help, News, and More

THE IRS TATTLER

8th Edition

July 2018

Wanting to open
your own medical
marijuana business?

FAQ



TRAVIS W. WATKINS
TAX RESOLUTION AND ACCOUNTING



The State of Oklahoma has gone through a monumental change in 2018 with passage of SQ 788, medical marijuana is now legal in the State. Leading up to passage of SQ 788, Oklahoma has seen the rise of CBD businesses. Since November 2017. These businesses have been legally selling CBD or cannabinoid in shops across the State. Local news reports out of Oklahoma City highlighted the trend, and it is only amplifying further. With that, medical marijuana dispensaries are the next step for these shops. If you are one of them, what is the best course of action to make a move?

Why are Businesses Making the Change?

Businesses want to expand from a CBD shop to a medical marijuana dispensary due to the potential gains in revenue. There is a new and untapped market. CBD shops are now plentiful, meaning the market is a bit saturated.

How Can a Shop Be Opened?

There is a process to follow in Oklahoma to become a legal medical marijuana dispensary. To open a medical marijuana dispensary, you need to have a medical marijuana license. Applications are going to be reviewed and chosen by the State based on applications variables within them.

What to Consider Before Making the Move?

You have to think about a few things before you go from a CBD shop to a medical marijuana dispensary. You have to first and foremost consider the law and regulations in the State of Oklahoma. What is the process you have to go through to become a dispensary? Are there any approval steps before you can open your doors?

Tax implications also must come into play. Be aware of the changes to handling revenue, what expenses you can claim on your tax return, so you can be better prepared once it is time to file state and federal taxes. A tax professional can assist.

Accounting policy changes may also have to be incorporated, which is where a professional accountant will come into play. Awareness of needed changes can help keep your books right and the business afloat and prosperous.

How Should I Operate?

This is a decision that should be given intense thought and care. You could operate as a Sole Proprietorship or Partnership, with taxes and liabilities passing through to you as an individual. Or incorporate into the Standard C Corporation and pay a lower tax rate, but perhaps face double taxation. Or set up as a Limited Liability Company, with the flexibility to be any one of a number of types of entity for tax and legal purposes. There are many other possible options. Which is best for you?

What's the Most Important Step to Take?

Hire a tax attorney/accountant! This is an easy one as you need to have an expert on your side to tell you what you need to do and also to assist you through some of the more complicated steps of the process. Medical marijuana dispensaries are highly regulated, and it is not as simple as just deciding to open up a shop. It has to be methodical approach that takes into legal account steps required. Having a tax attorney/accountant can allow you to clear hurdles with ease.

You never want to make a complete change of your business before taking into account things like tax impact, accounting policy changes, regulations, etc. When going from a CBD shop to a medical marijuana dispensary, take into account all factors. Work with a professional tax attorney and accountant, so all bases are clear before you open up your dispensary doors to the public. Call Travis W. Watkins Tax Resolution and Accounting Firm for your free consultation at 800-721-7054 or visit TravisWatkins.com

TRAVIS W. WATKINS
TAX RESOLUTION AND ACCOUNTING FIRM

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I will recommend
Travis Watkins to
everyone I know
with tax problems.
— Pat L., Joplin, MO

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Featured On:



Se Habla Español

The move from brick and mortar merchants to full-scale online businesses has increased dramatically over the past decade. More and more people around the country and the world have access to the internet, making the consumer base for online businesses that much bigger. While the business owners and consumers are enjoying the freedom of shopping online and having their merchandise delivered straight to their door, the United States government, at the state level, has certainly noticed. From their perspective, they are losing sales tax because more people are shopping online and not paying sales tax versus consumers driving down to the mall where the collection of sales tax is guaranteed.



For this reason, the United States Supreme Court has ruled to allow states to collect sales tax from online retailers who do not have physical presence in their borders. The decision was reached by a 5-4 vote in the case South Dakota v. Wayfair.

This will bring in billions of dollars for the states, according to The New National Journal. South Dakota's attorney general said, "Our state is losing millions for education, health care and infrastructure, and our citizens are harmed by an uneven playing field." Even President Donald Trump has something to say about the ruling, saying "it was a great victory for consumers", although as stated, consumers will be paying more for the luxury of online shopping.

But what about online business owners? How will this new law affect them? While most of the big online retailers, like Walmart, already charge sales tax, most small online business owners do not, particularly those who sell for eBay and Amazon. According to The Mercury News, "The ruling will hit hardest the small businesses that don't currently charge sales tax for online transactions. That affects not just the businesses themselves, but consumer choice-though the effects may not be felt right away." eBay has spoken up in a post about the new ruling, saying that Congress needs to provide very clear rules regarding this new wave of online sales tax, going so far as to say that small businesses should be exempt.

President of the Computer & Communications Industry Association, Ed Black, also said, "Today's decision promises to subject small businesses reliant on e-commerce to new and burdensome tax obligations in states across the nation," said Ed Black, president of the Computer & Communications Industry Association, in a statement Thursday. "CCIA has serious concerns about the future implications for e-commerce if governments are empowered to tax those who reside beyond their borders."

One thing is for sure, when it comes time to pay your online business sales tax, this new law will make it even more complicated. Just think about having to pay sales tax to fifty different states, with the correct amount, and on time. If you own a small online business and find yourself confused or unsure of this new law and how it will affect your quarterly sales tax payments, seek an experienced local tax attorney in Oklahoma to help you understand the laws and how you can take care of your end of the new sales tax law without risking an audit in the future. Call Travis W. Watkins Tax Resolution and Accounting Firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com for more information.

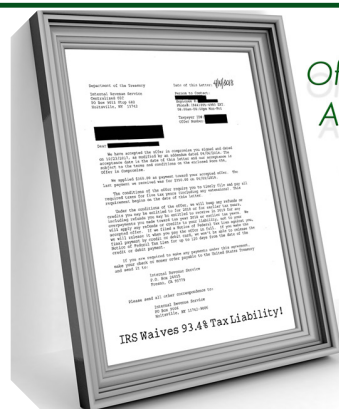


Small businesses have flexibility in choosing how often to file payroll tax returns. If you're starting a new business and expect

your yearly employment taxes to be less than \$1,000, then when you apply for an employer identification number, you can select the

option to file an annual Form 944. Those who don't check the box for annual filing will be required to submit the 941 quarterly payroll tax

tax returns. We will focus on your business success and take control of your tax burden for you. Payroll taxes are really the most difficult types of IRS tax debts to negotiate successfully alone. Our skilled tax professionals may be able to help resolve matters with little interruption in the operation of your business or life. Uncertainty about your future may be mounting as you try desperately to find a way to pay a debt that you have little or no funds to cover. There are many options that we can provide to give you a good night's sleep again. Call Travis W. Watkins Tax Resolution and Accounting Firm today for your Free consultation at 800-721-7054 or visit TravisWatkins.com.



*Offer in Compromise
Accepted for 93.4%
of the Tax Liability!*



A client came to us who encountered IRS issues and was struggling to make ends meet for his family financially. He was a 1099 worker and was unable to make his estimated payments on time. His tax liability accrued to a large amount of \$27,109.76. On top of his insurmountable tax debt, he had to file bankruptcy and was at his wits end. Luckily, he made the wise decision to come to our office and take the first step to improve his situation. After taking the burden off his shoulders and placing it in our hands, we were able to successfully negotiate an Offer in Compromise for 93.4% of his tax liability!

Uncertainty about your future may be mounting as you try desperately to find a way to pay a debt that you have little or no funds to cover. Call Travis W. Watkins Tax Resolution and Accounting Firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com.

MEET OUR TEAM



Deborah Tackett is the Case Correspondent at Travis W. Watkins Tax Resolution and Accounting Firm. Deborah is currently pursuing a degree at the University of Central Oklahoma in Forensic Science and Psychology. What has brought her to the Watkins firm is her love to brighten someone's day, no matter the issue. In her spare time she likes to spend time with her dog Daisy and surround herself with family and friends.

-Deborah Tackett, Case Correspondent

"I'll be honest-I'm a procrastinator. I put off the filing of my tax returns for several years and thought I could ignore it. This made several sleepless nights and I could feel it putting stress on my marriage. Luckily, my wife and I came to Travis Watkins office together for a consultation and I have never felt more at ease. They

were the encouraging push I needed. Thank you!"

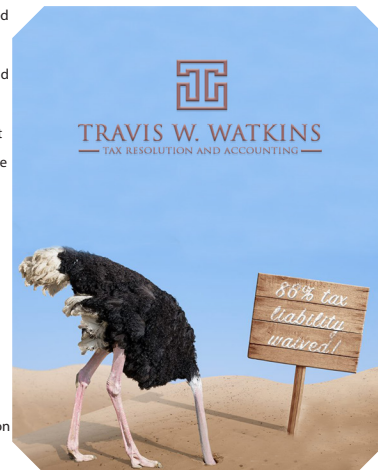
-Rex R., Shawnee, OK



CLIENT SAVES 86% TAX LIABILITY!

A client recently came to our firm who was in desperate need of help. He owed back taxes from a few years ago and had done nothing to resolve his tax issue. Once he "stuck his head in the sand" the penalties and interest had grown to a total of over \$21,000! On top of that, his fiancé would not commit to their future wedding without this being resolved. We were able to create a customized actionable plan that resulted in him being able to pay only \$3,000 to the IRS. That's 86% of his liability!

Those mistakes, those events that may have caused you to you to fail to file and/or pay over the years may be what the IRS considers to be "reasonable cause" for forgiving the stifling penalties they charge. Your chances are greatly improved with the assistance of Travis W. Watkins Tax Resolution and Accounting Firm. Call us to get started today at 1-800-721-7054 or visit TravisWatkins.com for more information.



Purchasing Goods Online? *What you need to know about sales and use tax.*

Shopping online has become a big part of our consumer's economy. In fact, anything you can purchase in a store, you can almost always buy online and this is great news for those people in Oklahoma who own a business, don't have the time to go out shopping for goods, or are not close enough to a brick and mortar store that has what they need. Online shopping fills the gap for consumers, both business owners and individuals.

But as you sit down with your computer, lap top, or mobile phone to purchase goods online, have you ever noticed whether or not sales or use tax was added to your purchase? Chances are, sales tax may have been included, but probably not use tax. Let's look at the following example of an individual or business owner buying goods online from a vendor located in Texas. The business owner purchases a wholesale amount of napkins for their catering business but there is no use tax associated with the purchase. This could turn out to be a problem once the Oklahoma Tax Commission (OTC) catches on.

Why? Because the OTC requires that when a business located in Oklahoma purchases goods out of state and uses those goods in the State of Oklahoma, the business owner must pay a 4.5% use tax on the goods. The OTC can not charge sales tax on goods purchased out of state, but the use tax always applies.

Now, let's say you've been in business for a year or more, and you've been purchasing goods online from Texas, dutifully paying sales tax for that state but not paying use tax for Oklahoma. When it comes time to do your business taxes and you list all of your expenses, including the napkins you bought for your catering business and any other goods purchased online from Texas, the OTC will see a huge red flag and wonder why you didn't pay use tax.

The problem now is that once the OTC figures this out, you will owe the entirety of the use tax on the goods you purchased. At this point, the OTC may audit you and calculate an even larger amount owed for the use tax. To avoid paying higher amounts on use tax to the OTC during an audit, it is important to hire a tax attorney before moving forward. When it comes to dealing with your taxes in Oklahoma, things can get complicated. However, hiring the right tax attorney will help you through the maze of an OTC audit in regards to use tax. This is especially important to business owners who need help navigating the tax world while keeping their business running successfully and profitably. If you have been audited by the OTC concerning use tax, don't hesitate. Contact a local licensed attorney who deals with the OTC on a daily basis. Call Travis W. Watkins Tax Resolution and Accounting Firm for your Free consultation at 800-721-7054 or visit TravisWatkins.com for more information.

STATE REP. IN ARKANSAS HASN'T FILED FOR 15 YEARS

Arkansas State Rep. Mickey Gates was arrested June 28, 2018 on six felony charges for not paying income taxes for several years and owes nearly \$260,000 to the state.

Mr. Gates surrendered himself to authorities after he was charged with six counts of failure to pay or file a return between 2012 through 2017. Gates cannot be charged for

violations outside the six-year statute of limitations.

Gates told police he believed he had settled with the state for the years 2003 through 2007 for \$30,000 and was making \$1,500 monthly payments on the settlement. He stated that he was under the impression that the state Department of Finance and Administration completed

returns on his behalf for 2007 through 2015 and had not filed returns since 2015.

Mickey Gates is seeking reelection this November.

Dedaj, P. (2018). Arkansas lawmaker accused of filing no taxes for 15 years arrested. [online] Fox News. Available at: <http://www.foxnews.com/politics/2018/06/28/arkansas-lawmaker-accused-filing-no-taxes-for-15-years-arrested.html> [Accessed 2 Jul. 2018].

Photo: <https://www.arktimes.com/ArkansasBlog/archives/2018/06/28/replican-legislator-mickey-gates-charged-with-failing-to-pay-taxes-for-six-years>





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"WE PROVIDE TROUBLED TAXPAYERS WITH A CUSTOMIZED, ACTIONABLE PLAN TO FILE OLD RETURNS, NEGOTIATE WITH THE IRS AND STOP IMMEDIATE THREATS TO THEIR LIVELIHOOD, SO THEY CAN GET A GOOD NIGHT'S SLEEP AGAIN."

TRIVIA QUESTION:

WHAT FAMOUS BAND HAD A HIT RECORD WITH A SONG ABOUT TAXATION?

A) Motley Crue

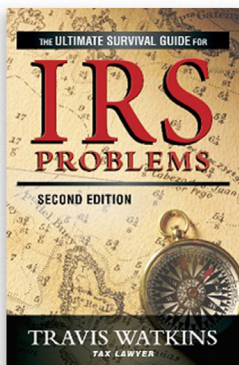
B) The Beatles

C) Queen

PREVIOUS QUESTION/ANSWER:

THE IRS RECEIVED MORE THAN 146 MILLION INDIVIDUAL INCOME TAX RETURNS THIS YEAR. HOW MANY WERE FILED ELECTRONICALLY?

A) 59,769,000



FREE
IRS Survival
Book

Redeem this coupon in one of our 4 locations for your FREE copy of *The Ultimate Survival Guide for IRS Problems*. You can also download your FREE version at TravisWatkins.com.

DEADLINES:

- July 10-Employees who work for tips if you received \$20 or more in tips during June, report them to your employer
- July 15-Social security, Medicare, and withheld income tax if the monthly deposit rule applies, deposit the tax for payments in June.
- July 31-Social security, Medicare, and withheld income tax File Form 941 for the second quarter of 2017. Deposit or pay any undeposited tax under the accuracy of deposit rules.

