

SDDco Group Client Update

Contact Us

Dear SDDCO Clients and Colleagues:

Our January 2017 Client Update includes industry news and guidance, regulatory rule info, important deadlines, and other timely matters impacting brokers, advisers, taxpayers, investors, and their service professionals.

SDDCO Client Update posts are made available on our website throughout the month at <http://sddco.com/resources/client-updates/>

TAX PAYERS

[Earlier IRS Filing Deadlines in 2017 for Form 1099 and W-2](#)

Starting in 2017 employers and small businesses face an earlier **filing deadline of January 31, 2017**, for Forms W-2 as well as certain Forms 1099-MISC reporting non-employee compensation such as payments to independent contractors. Also of note is that the IRS must also hold some refunds until February 15, 2017...

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ADVISERS

[Investment Adviser Branch Compliance ~ Going Under the Lens](#)

The SEC staff of the Office of Compliance Inspections and Examinations ("OCIE") released a new National Exam Program Risk Alert entitled: "Multi-Branch Adviser Initiative" (the "Alert"). More investment advisers operate from locations other than the main office. This multi-branch business model poses special challenges to an adviser's compliance with the Advisers Act. To determine the effectiveness of such compliance, OCIE is launching the "Multi-Branch Adviser Initiative". Key Takeaways...

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BROKER-DEALERS

[FINRA BD Contact System ~ Verify by Jan. 26, 2017](#)

FINRA member broker-dealers must complete an annual verification of their contact info in the FINRA Contact System (FCS) within the first seventeen (17) business days of each calendar year. The deadline to complete the annual verification is January 26, 2017. See instructions in the FCS Annual Review Guide. Rule 4517 requires firms to: (1) Update designated contact info upon any material change to the information, (2) Verify such information annually, and...

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[FINRA's Regulatory and Examination Priorities for 2017](#)

Each year, FINRA, the Financial Industry Authority, publishes its regulatory and examination priorities for member broker-dealers to highlight issues of importance. The 2017 FINRA Regulatory and Examination Priorities Letter, released January 4th, detail the areas to receive deeper scrutiny in FINRA's 2017 exams. Broker-dealers should keep these priorities at the top of their checklist when reviewing their compliance and supervisory programs and internal training and communications. These review priorities were based on observations within FINRA's regulatory programs and input from stakeholders, including investor advocates, firms, and regulators. FINRA REVIEW PRIORITIES 2017...

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[Annual Audit Report 2017 Due Dates for Broker-Dealers](#)

FINRA reminds member broker-dealer firms of their 2017 filing due dates for the annual certified audited report ("Annual Report"). "Firms must submit their annual audit reports in electronic form. Firms must also file the report at the regional office of the SEC in which the firm has its principal place of business and the SEC's principal office in Washington, DC. Firms that are members of Securities Investor Protection Corporation (SIPC) are reminded that, pursuant to SEA Rule 17a-5(d)(6), they must file the annual audit report with SIPC...

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[FOCUS Report 2017 Deadlines for Broker Dealers](#)

FINRA detailed the 2017 deadlines for broker-dealer firms to file their FOCUS reports. To comply with SEC Rule 17a-5, FINRA member firms must send monthly, quarterly, and annual reports by the listed due dates. FOCUS filings are due within 17 business days of the end of each quarter. Filing is done via the eFOCUS system, accessible through FINRA Firm Gateway...

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[Schedule of SSOI 2017 Filings for Broker-Dealers](#)

FINRA issued, for its member broker-dealers, the 2017 filing cutoff dates for the Schedule for Supplemental Statement of Income ("SSOI"): SSOI filings are due within 20 business days of the end of each quarter. Upcoming SSOI Deadlines...

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[Form Custody Filing Schedule 2017 for Broker-Dealers](#)

All broker-dealers must file Form Custody with their Designated Enforcement Agency (FINRA) quarterly at the same time as their quarterly FOCUS Reports. File using FINRA's eFOCUS system available on Firm Gateway. Find Form Custody displayed as "Report Type" Custody along with FOCUS and Schedule I Form Custody Deadlines...

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[Form OBS 2017 Filing Due Dates ~ Carrying and Clearing Broker-Dealers](#)

FINRA detailed the 2017 deadlines for broker-dealer firms to file their Form "OBS": Supplemental Schedule for Derivatives and Other Off-Balance Sheet Items. Unless subject to the de minimis exception, Form OBS must be filed by (1) FINRA member firms that self-clear their proprietary transactions or clear transactions for others or carry customer accounts and (2) Other FINRA member firms that, pursuant to SEA Rule 15c3-1, have a minimum dollar net capital requirement equal to or greater than \$100,000 and at least \$10 million in reportable items pursuant to the Form OBS...

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[Supplemental Inventory Schedule 2017 Due Dates for Broker-Dealers](#)

FINRA detailed the 2017 deadlines for broker-dealer firms to file their Supplemental Inventory Schedule ("SIS"). Firms obligated to file FOCUS Report Part II, FOCUS Report Part IIA or FOGS Report Part I must file an SIS unless the firm has: (1) a minimum dollar net capital or liquid capital requirement of less than \$100,00; or (2) inventory positions consisting only of money market funds...

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COMMODITY BROKERS

[NFA Updates its Regulatory Guide to Forex Transactions](#)

The National Futures Association ("NFA") revised its Forex Transactions Regulatory Guide in late December 2016 (1) to incorporate technical amendments to NFA Bylaw 1507 Definitions and requirements to conform to the definitions in Section 1a of the Commodity Exchange Act, and (2) to add references to minimum security deposits requirements in Section 1a of the of the Commodity Exchange Act, and (2) to add references to minimum security deposits requirements in Section 1a of the Security Deposits section...

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INVESTORS

[10 Investment Tips for 2017 from the SEC](#)

Ten tips from the SEC's Office of Investor Education and Advocacy aim to help novice and seasoned investors avoid scams and make more informed choices in 2017. (1) On Background Checks: Check the background of an investment professional. It's fast and free. Find info on adviser via search tool on the SEC's website for individual investors...

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MUNICIPAL BROKERS

[MSRB Puts Upcoming Muni Offerings on EMMA](#)

To enhance the availability of information about upcoming offerings or issues of new municipal securities, the Municipal Securities Rulemaking Board ("MSRB") added a new issue calendar to its Electronic Municipal Market Access (EMMA®) website. This tool along with other disclosures on EMMA can help all municipal market participants make decisions appropriate to them. [Help to Investors/ Help to Issuers...](#)

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SDDCO Online Tax Articles for January 2017

[Tax Changes for 2017: A Checklist](#)

Welcome, 2017! As the New Year rolls around, it's always a sure bet that there will be changes to current tax law and 2017 is no different. From health savings accounts to tax rate schedules, here's a checklist of tax changes to help you plan the year ahead.

[Paying Taxes on Household Help](#)

Tax rules for hiring household help are complex, and one mistake can bring on a tax headache that most of us would prefer to avoid. If you're thinking about hiring someone to work around the house or babysit your children, read this first.

[Ensuring Financial Success for Your Business](#)

As a business owner, you're faced with a dizzying number of decisions on a daily basis, many of which have a lasting impact on the fiscal health of your company. In this article, you'll learn about the accounting method that helps you discover the true value of all your business functions--and how to use this information for smarter decision making.

[Is Canceled Debt Taxable?](#)

Generally, debt that is forgiven or canceled by a lender is considered taxable income by the IRS and must be included as income on your tax return. There are, however, some exceptions. Here's what you need to know.

[Tax Tips for Older Americans](#)

Everyone wants to save money on their taxes, and older Americans are no exception. If you're age 50 or older, here are seven tax tips that could help you do just that.

Tax Tips

[Tax Brackets, Deductions, and Exemptions for 2017](#)

[Special Tax Breaks for U. S. Armed Forces](#)

[Early Retirement Distributions and Your Taxes](#)

[Standard Mileage Rates for 2017](#)

Tax Due Dates

During January

All employers - Give your employees their copies of Form W-2 for 2016 by January 31, 2017. If an employee agreed to receive Form W-2 electronically, post it on a website accessible to the employee and notify the employee of the posting by January 31.

All Businesses - Give annual information statements to recipients of certain payments you made during 2016. You can use the appropriate version of Form 1099 or other information return. Form 1099 can be

issued electronically with the consent of the recipient.

January 17

Employers - Social Security, Medicare, and withheld income tax. If the monthly deposit rule applies, deposit the tax for payments in December 2016.

Individuals - Make a payment of your estimated tax for 2016 if you did not pay your income tax for the year through withholding (or did not pay in enough tax that way). Use Form 1040-ES. This is the final installment date for 2016 estimated tax. However, you do not have to make this payment if you file your 2016 return (Form 1040) and pay any tax due by January 31, 2017.

Employers - Nonpayroll Withholding. If the monthly deposit rule applies, deposit the tax for payments in December 2016.

Farmers and Fisherman - Pay your estimated tax for 2016 using Form 1040-ES. You have until April 18 to file your 2016 income tax return (Form 1040). If you do not pay your estimated tax by January 17, you must file your 2016 return and pay any tax due by March 1, 2017, to avoid an estimated tax penalty.

January 31

Employers - Federal unemployment tax. File Form 940 for 2016. If your undeposited tax is \$500 or less, you can either pay it with your return or deposit it. If it is more than \$500, you must deposit it. However, if you already deposited the tax for the year in full and on time, you have until February 10 to file the return.

Farm Employers - File Form 943 to report social security and Medicare taxes and withheld income tax for 2016. Deposit or pay any undeposited tax under the accuracy of deposit rules. If your tax liability is less than \$2,500, you can pay it in full with a timely filed return. If you deposited the tax for the year in full and on time, you have until February 10 to file the return.

Certain Small Employers - File Form 944 to report Social Security and Medicare taxes and withheld income tax for 2016. Deposit or pay any undeposited tax under the accuracy of deposit rules. If your tax liability is \$2,500 or more from 2016 but less than \$2,500 for the fourth quarter, deposit any undeposited tax or pay it in full with a timely filed return. If you deposited the tax for the year timely, properly, and in full, you have until February 10 to file the return.

Employers - Social Security, Medicare, and withheld income tax. File Form 941 for the fourth quarter of 2016. Deposit any undeposited tax. If your tax liability is less than \$2,500, you can pay it in full with a timely filed return. If you deposited the tax for the quarter in full and on time, you have until February 10 to file the return.

Employers - Nonpayroll taxes. File Form 945 to report income tax withheld for 2016 on all nonpayroll items, including backup withholding and withholding on pensions, annuities, IRAs, gambling winnings, and payments of Indian gaming profits to tribal members. Deposit any undeposited tax. If your tax liability is less than \$2,500, you can pay it in full with a timely filed return. If you deposited the tax for the year in full and on time, you have until February 10 to file the return.

Payers of Gambling Winnings - If you either paid reportable gambling winnings or withheld income tax from gambling winnings, give the winners their copies of Form W-2G.

Employers - Give your employees their copies of Form W-2 for 2016 by January 31, 2017. If an employee agreed to receive Form W-2 electronically, post it on a website accessible to the employee and notify the employee by January 31, 2017.

Businesses - Give annual information statements to recipients of certain payments made during 2016. You can use the appropriate version of Form 1099 or other information return. Form 1099 can be issued electronically with the consent of the recipient. This due date only applies to certain types of payments.

Individuals - who must make estimated tax payments. If you did not pay your last installment of estimated tax by January 17, you may choose (but are not required) to file your income tax return (Form 1040) for 2016 by January 31. Filing your return and paying any tax due by January 31, 2017, prevents any penalty for late payment of the last installment. If you cannot file and pay your tax by January 31, file and pay your

tax by April 18, 2017.

[Click here](#) to read the rest of the newsletter.

Please call us at (212) 751-4422 if you have any questions.

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Any accounting, business or tax advice contained in this communication, including attachments and enclosures, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. If desired, we would be pleased to perform the requisite research and provide you with a detailed written analysis. Such an engagement may be the subject of a separate engagement letter that would define the scope and limits of the desired consultation services.

