

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

Another week and yet another two men behaving badly. The former vice-presidential candidate, John Edwards, was indicted on election violations, (most of the charges, predictably it seems these days, relate to the covering up of the crime and not the crime itself) and seemingly appropriate Anthony Weiner.

As the week ended, reported anemic job creation numbers were announced, further fueling concerns of a slowing economy. Greek debt continued to weigh on the market and an increasing cross section of American's have raised concerns of the Sovereign debt of the U.S. Specifically this week by Warren Buffet and Moody's.

The pressure is mounting on Congress to come up with the Debt limit increase, budget cuts, tax overhaul or a combination of the three,

The unspoken feeling I get is that the US is approaching a time (decade) of little or no growth, with a patchy recovery among different industries, and relatively high unemployment. The current levels of private and public debt, combined with the foreclosure crisis, has created a drag on the economy that is going to take 10 years at least to repair, work through, and over come.

Until Congress gives some certainty as to future tax rates, and housing prices stabilize, it will be a long 10 years.

If it seems too good to be true...

You have seen the ads on TV innumerable times, promises to settle tax debts for pennies on the dollar. But as your mother said, if it seems too good to be true, it is.

Finally, after years of abuse, many state attorney generals are cracking down on these leaches. It's bad enough having to fight off the sometimes-terrifying collections tactics of the IRS It's even worse when the firm hired to protect you, gets you deeper into debt or causes you to lose your home or business.

The fees for tax debt reduction assistance range from \$1,200 to \$5,000 or more. Those fees aren't unreasonable. When handled properly, it takes 30-50 hours to prepare an Offer in Compromise (OIC).

But the expenses are outrageous when the firms take your money and make promises they can't keep. But too many do, and months later, they tell you the IRS rejected your request. By then, your penalties and interest may have skyrocketed, your credit has been ruined and your wages been garnished.

On April 22nd, the California Superior Court froze the assets of Roni Deutch for shredding documents in defiance of a court order, and not giving refunds to clients, as ordered. IRS has also hit her with a \$183,000 lien. Trial is set for July.

Minnesota Attorney General Lori Swanson filed suit accusing Houston-based TaxMasters of fraud and deception. Texas filed suit alleging the company unlawfully "engaged in false, misleading, and deceptive acts and practices." Florida is investigating them, too. Florida for allegedly violating a 2008 settlement with Florida and 17 other states over misleading sales tactics.

If there's a TV advertiser promising that you can pay pennies on the dollar, you can bet there will be consumer complaints and investigations sooner or later. The IRS even publishes an alert. Why? Not everyone qualifies for offers in a compromise. But some of these firms will sell them to anyone desperate enough to pay.

They probably won't qualify for an offer in compromise. Most people don't. If it was that easy to escape prior tax debt, why would anyone pay taxes?

The two fundamental rules IRS operates by for offers in compromise are:

- a) If you have enough assets to pay the taxes, your offer will not get approved.
- b) If you earn enough money to pay your tax debt over 5-10 years, your offer will be rejected.

Folks who do not qualify for an offer, not even on appeal, can get an installment agreement. You can pay the tax debt over time. Use Form 9465 or the online process at the IRS website. .

What can you do if you are in tax trouble? First, see if you can fill out the forms yourself. They have improved the information packet for the offer in compromise – Form 656-B. In fact, you can fill in the forms online and print them out yourself.

If not contact us, generally, you won't need an attorney. You should consult counsel when you have a criminal issue, or inheritance issues, or complex issues that may involve other people's assets. When you don't qualify for an offer, there are other avenues open to you, and we may be able to come up with other ways to make the debt manageable.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,537.50	\$1,542.40	\$1,550.00	\$1,600.00
Oil	\$101.15	\$100.57	\$100.00	\$120.00
Dow Jones	12,441.58	12,151.26	12,000.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	9.00 %	9.10 %	9.10 %	9.50 %



Services that we provide:

- Tax preparation, individuals, corporations, LLC's, partnerships, overseas residents, non resident aliens, prior year returns
- Annual minutes for your company
- Ability to use Quickbooks and Quicken files, Online Quickbooks
- Certified Quickbooks Pro Advisor
- Monthly accounting – we will prepare your financial statements, bank reconciliations and depreciation calculations
- Payroll preparation and filing – we offer turnkey payroll solutions
- Human Resource Management – we can prepare an employee handbook for your particular situation
- Entity selection and compliance with various State and Federal regulations
- Efficient tax strategies – we can **recommend** the most appropriate strategy for your particular situation
- Financial planning - we can give you appropriate financial planning and budgeting information
- Forensic accounting – we can investigate “white collar” crime committed against you, or your business
- Valuation services – we can assist with the valuation of your business and investment assets for specific applications, estate planning, divorce, buy and sell agreements

New for 2010 tax year in 2011:

- You will be able to check on the status of your refunds www.irs.gov
- We will store your source documents online in a PDF file format for easy access in future years
- Electronic filing of Sub S and C Corporations and Partnerships
- We will be able to file multiple state returns this year – in the past we were limited to the number of state returns we could file for you
- Medical records – we are giving you the opportunity to have all your medical records in one secure location – www.allmymedicalrecords.com
- Charitable donations. Maintain your charitable deductions during the year at www.allmydeductions.com. In that way whether you use cash, credit card, debit card, checks, or donation of clothes etc you won't miss any deductions. Use our convenient list of accepted valuations to value your donated goods to Goodwill, Salvation Army, church, etc
- Entity selection – we have extensive information on company formation, whether it be an LLC, S Corporations, or C Corporations. Once you are incorporated we will walk you through the setup process
- Federal Identification applications – we can file and receive federal identification numbers – all on line for your convenience
- On line legal forms – we have the ability to prepare basic legal forms online
- Payroll preparation – we offer a comprehensive, competitively priced online payroll preparation service



Payroll Processing Services

You provide:

- Hours worked and employment information and forms for the staff. You can email, (Karen@psspaysroll.com) fax (580) 286 5818 or call toll free (800) 937 8868 to give us this information

We will provide the following services:

- No long term contract
- Payroll preparation for your employees and direct deposit of payroll checks and ACH transfer of payroll amount
- Payroll calculation within 24 hours
- Compliance with all government and state withholdings requirements
- Detailed invoice for all payroll related costs

Each Pay Period you will get:

- Payroll stubs for employees
- Management report detailing cost breakdown but only one amount to pay for all federal and state taxes
- Direct deposit of net payroll

Each Quarter

- We will file all required state and federal quarterly reports

What we need to get started:

- W4's for each employee
- I-9's for each employee
- Direct deposit information for the employees
- Bank details for the company's payroll account
- Your Federal ID number for the business