

# Carr Talks

**TAXLOGIC**



**WEEKLY SUMMARY**

Predictably the saga known as Weingate moves to "professional treatment" and for him to check into a rehabilitation facility while he takes a leave of absence from congress.

Democrats coming back from recess do not want this distraction. Given six weeks in a row of a declining stock market, Greek debt woes not improving, stubbornly high unemployment, a definite feel the Global Economy is slowing noticeably, a budget deficit that is only getting worse, with the two sides further apart than ever, and a tax system totally up in the air, you would think Congress could find something else more important to concentrate on?

Sarah Palin continues to play a gullible press. At this point my guess is that she will not run, but that Michele Bachmann from MN may well toss her hat in the ring. The unprecedented, total meltdown of Newt Gingrich's fledging campaign means it is only weeks before he pulls out and that the Republican field will come down to Huntsman, Pawlenty and Romney.

For Obama it will come down to jobs. If there is not a significant improvement in employment figures, and a lower unemployment rate in the next 17 months he will struggle with re election.

It is hard to see anything on the short term horizon that can show evidence of strong growth.

**Charitable Donations**

A recent Tax Court ruling makes it worthwhile revisiting Charitable Donations. First to even take the Charitable Contribution you need to be able to itemize, once you overcome this threshold then there are a number of other rules you have to adhere.

All charitable donations have to be made to recognized 501 (c) (3) charities. IRS this week just stuck off 275,000 charitable organizations who had not filed the necessary paperwork to maintain their nonprofit status. You can check the status of any organization at [www.irs.gov](http://www.irs.gov)

For monetary donations under \$250 a canceled check, payable to the charity may serve as a receipt. Weekly cash dropped into the collection plate does not qualify. Cash in your envelope that the Church gives you an annual receipt / statement of giving may qualify.

Clothing and household items left for "goodwill" without retaining a receipt, are not deductible.

Non-cash donations must be in "good used condition or better" and must be documented with a receipt showing the charity name, date, description and value.

If the total of non-cash donations for the year is under \$500.01, then just the charity name and value is then shown on the tax return.

If the total of non-cash donations for the year is over \$500 and under \$5,000.01 then more information must be listed: full address of the charity, age of the donated property, original cost, how it was originally acquired, and a description on how the current value was determined (independent appraisal, looking at comparable sales, using a thrift shop value etc.)

Over \$5,000 per item or group of related items requires an appraiser to sign your tax return and the charity also needs to sign the tax return, as well as other requirements. Get advice before making such a donation as the rules are complicated.

Taxpayers may not be aware that there are a number of less obvious deductions. Mileage driven for charitable purposes is deductible. There are two types, mileage for charitable purposes (meals on wheels for example) and mileage to deliver non cash contributions. But you have to document contemporaneously your mileage.

The recent court case now extends some additional deductions. This case revolved around a taxpayer who provided services to an approved charity. She took care of cats for a shelter, and attempted to deduct the costs associated with looking after the cats at her house. IRS disagreed and claimed the costs were personal in nature and not charitable. The Tax Court disagreed. While she did not get all the expenses she claimed, she did prevail and has created a precedent for others to follow.

Basically she would have got the full deduction if she had got a letter from the charity at the end of the year acknowledging the total of the amounts she had spent.

She needed to document and show the amount of the expenses. So, the take away from this is that if you are doing work for a charity, keep good records, and get a receipt from them at the end of the year. Doing good work, can not only make you feel good, but can also lead to some tax benefits.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,542.40	\$1,532.50	\$1,500.00	\$1,600.00
Oil	\$100.47	\$98.92	\$100.00	\$120.00
Dow Jones	12,151.26	11,951.91	11,900.00	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](http://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](http://www.allmymedicalrecords.com)
- Charitable donations. Maintain your charitable deductions during the year at [www.allmydeductions.com](http://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