

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

The turmoil continues. With the European debt crisis building, stagnant US growth and warnings of a global slow-down, the future is looking very bleak. With interest rates at historic lows, and limited ability for governments to borrow to fund stimulus programs, the pressure is on Central Banks to get creative in assisting the world economy to recover.

The US dollar continues to slide, making exports more competitive, but imports considerable more expensive.

One very bad sign is the weakening of the world banks. Credit is the life blood for growth, without funding, companies can't borrow to build inventory, take on additional staff or expand. Until these structural issues are resolved it is hard to see how we can dig ourselves out of the current morass we find ourselves in.

The bi partisan 12 that have been appointed to find the \$1.5T in savings have 3 months to accomplish what has not been able to be resolved in the past 24 months. The partisan nature of the current political climate means that a budget has not been passed in more than 800 days. Can you say "Unconscionable"? While Congress fiddles, the country burns.

We may not have seen the low point yet for the stock markets. The cathartic selling that precedes most lows has not happened yet.

Part 2 – Tax deductible Business Expenses

7. Travel, meals, entertainment and gifts

Good news, small-business travelers. You might as well stay in a nice hotel, because the entire cost is tax deductible. Likewise, the cost of travel -- air, rail or auto -- is 100 percent deductible, as are costs associated with life on the road (dry cleaning, rental cars and tipping the bellboy). The only exception is eating out. You can deduct only 50 percent of your meals while traveling. So stay at the Ritz-Carlton and eat at Wendy's. Once you get home, your on-the-job meals aren't deductible -- unless you bring along a client to talk business. You can write off half such work-related dining costs. But a direct gift to a client or employee is 100 percent deductible, up to \$25 per person per year.

8. Insurance premiums

Self-employed and paying your own health insurance premiums? These costs are 100 percent deductible. This break primarily benefits proprietorships, but there are limits. The deduction can't be more than your business' net profit. And it's not allowed if you were eligible for other health care coverage, including that offered by your employed spouse's medical plan.

As an employee, your spouse's premiums are 100 percent deductible; if you and the children were on his or her policy as dependents, so are those costs.

Two caveats: 1) Your spouse's employment must be real, not in name only, and you must offer coverage equally to any other employees. 2) Failure to meet these requirements could result in a lawsuit, an audit or both.

9. Retirement contributions

Are you self-employed and saving for your

own retirement with a SEP-IRA or Keogh? Don't forget to deduct your contribution on your personal income tax return.

10. Social Security

If you're self-employed or starting a small business, you have to pay double the Social Security contributions you would as an employee. That's because federal law requires the employer pay half and the employee pay half.

11. Telephone charges

You can deduct the cost of the business calls that you make for business from home. When your bill comes in, circle the business-related calls, total them up and keep a copy. At the end of the year, tally your 12 bills and deduct 100 percent.

The IRS assumes that you will have a phone in your house anyway, so regular fees and charges don't count toward your deduction. But if you have a second line installed (fax say) and use it only for business, all of these charges are deductible.

12. Child labor

Depending upon how much you paid them, they might be able to avoid income taxes. Plus, there is no Social Security tax when you hire your child who is 17 or younger and you can deduct the salary as a business expense. This break is only available if you operate as a sole proprietor or as a partnership in which you and your spouse are the only partners. If your business runs as a corporation, then it, not you, is considered the employer and the corporation is not relieved of the tax liabilities. Have your child contribute to a Roth IRA. You get a tax deduction from the salary and trained your child to save, you've also helped establish a nest egg for his or her future.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,749.10	\$1,855.30	\$1,800.00	\$1,600.00
Oil	\$85.30	\$82.50	\$85.00	\$120.00
Dow Jones	11,269.02	10,817.65	11,000.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	9.10 %	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