

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

The markets appeared to return to normal this week with no significant news to affect sentiment. Europe continues to be weighed down by Greek debt concerns.

The US dollar continues to lose ground against major currencies as consumer sentiment turns more bearish. Consumers are not spending and are reluctant to take on debt. While interest rates remain at historically low levels there is little appetite to take on more risk.

Gold took a major dive dropping 6% on the week as the Federal Reserve indicated a long term low interest rate environment, and Warren Buffet bought into Bank of America as a show of support for the embattled largest bank. But if no one is borrowing or hiring, so a zero interest rate doesn't really matter.

The summer of discontent and uprising in the Middle East culminated in the end of 40 years of dictatorship with the Libyan strongman leaving Tripoli.

The hurricane going up the east coast wrought havoc along the major population areas and caused significant travel disruption. But given that it was only a Category 1 storm, when it came ashore, one could be forgiven, as a Florida resident, for thinking that the media had over reacted to this story!

The significant market volatility will continue into September.

How much do you pay in income taxes?

The debate over whether to extend former President George W. Bush's tax cuts of 2001 and 2003 beyond their expiration in 2010 reignited scrutiny of the growing tax burden on the wealthiest Americans.

President Barack Obama and most Democrats on Congress favored extending the tax breaks just for the middle class, or families earning less than \$250,000. But they were skeptical of keeping the tax cuts in place for the wealthiest wage earners.

Their hesitance drew condemnation from many congressional Republicans.

Even former GOP presidential hopeful Fred Thompson got into the act, cutting a TV ad for the League of American Voters.

"Folks, America's economy is struggling, and Congress is about to make it a whole lot worse. Our nation faces a massive, automatic tax increase at the end of this year when the Bush tax cuts expire," Thompson said.

The U.S. Treasury Department estimated that extending just the middle-class tax cuts would cost about \$3 trillion over 10 years. Adding tax cuts for the wealthiest Americans would cost roughly another \$680 billion, according to the treasury.

Here's a look at individual tax rates and shares by income in 2007, the [most recent data](#) available from the Internal Revenue Service:

The top 1 percent: Americans who earned an adjusted gross income of \$410,096 or more accounted for 22.8 percent of all wages. But they paid 40.4 percent of total reported income taxes, an increase from 39.9 percent in 2006, according to the IRS.

The top 5 percent: Americans who earned \$160,041 or more accounted for

37.4 percent of all wages in 2007. But they paid 60.6 percent of the country's total reported income taxes, up from 60.1 percent a year earlier.

The top 10 percent: Americans who earned at least \$113,018 paid 71.2 percent of the nation's income taxes, up from 70.8 percent a year earlier.

The top 25 percent: Americans who earned at least \$66,532 paid 86.6 percent of the nation's income taxes, up from 86.3 percent a year earlier.

The top 50 percent: Americans who earned at least \$32,879 paid 97.1 percent of the nation's income taxes, up from 97 percent a year earlier.

The bottom 50 percent: Americans who earned less than \$32,879 paid 2.9 percent of the nation's income taxes, down from 3 percent a year earlier.

An important side note: While the tax burden on this country's largest wage-earners has continued to grow since the Bush tax cuts were passed, the impact has been substantially muted.

The income gains made by the wealthiest Americans far outpaced that for the remaining workers, according to an analysis conducted for the Washington-based Center on Budget and Policy Priorities

In fact, two-thirds of the nation's total income gains from 2002 to 2007 flowed to the top 1 percent of households, the [2009 analysis of IRS data](#) by economists Thomas Piketty and Emmanuel Saez showed.

That top 1 percent held a larger share of income in 2007 than at any time since 1928, their analysis found.

| | Last Week | End of Week | Next Week | 12/31/2011 |
|--------------|------------|-------------|------------|------------|
| Gold | \$1,855.30 | \$1831.70 | \$1,500.00 | \$1,600.00 |
| Oil | \$82.50 | \$85.55 | \$87.50 | \$120.00 |
| Dow Jones | 10,817.65 | 11,284.54 | 11,500.00 | 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