

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

You would be forgiven for thinking that the world problems were behind us and the future was rosy. That assumes a 50% haircut on Greek debt, and quadrupling of the bailout fund in Europe are positive outcomes. The Europeans appeared to say the right things and the market took off. But what changed? The underlying problems have not been addressed and structural reforms that have to be made have yet to be addressed.

Of more concern is the fact that this year the Social Security Administration ran cash negative position for the first time in 30 years. It will only get worse. The reduction of employee contributions to 4.2% from 6.2% has only exacerbated the problem.

The US continues to show weak demand and growth and unemployment looks to remain stubbornly high through to the elections.

We are now down to 3 weeks before the Super Committee has to come up with their major tax overhaul and recommendations – time is running out and there will be little time for discussion or negotiations. It appears it will be a take it or leave it package. Certainly it will be revolutionary.

Oil prices have increased recently as global demand stabilizes and shows some strength going into the end of the year.

And you wonder where your tax dollars really go....

Out of the billions of dollars in cash that the US shipped to Iraq during the war, "hundreds of millions if not billions of dollars...was stolen by senior Iraqi officials for their own personal gain," the Special Inspector General for Iraq Reconstruction tells CNBC.

In a new audit report, the inspector tracked a subset of the total amount—\$6.6 billion in funds that the New York Federal Reserve made available to the Iraqi government during the war. That chunk of cash, a subset of the tens of billions the New York Fed has sent overall, became controversial over the summer because neither the New York Fed nor the Iraqi government would provide enough information to document what happened to it. But the Inspector General, Stuart W. Bowen Jr., said in an interview that he was ultimately given the records and tracked the money. Bowen said he is satisfied that the bulk of money made it to the entities it was intended for.

"What I've learned is that hundreds of millions if not billions of dollars of development fund for Iraq money was stolen by senior Iraqi officials for their own personal gain." "Two hundred and seventeen million was in the basement of the Republican palace in cash.", when the Coalition Provisional Authority disbanded. Bowen said that he will continue to investigate the status of as much as \$12 billion in Iraqi assets that was shipped to Baghdad between 2003 and 2004.

Overall, Bowen said, he has found indications that huge amounts of money were stolen in Iraq. Asked how much, he said it is "impossible to say. What I've learned is that hundreds of millions if not billions of dollars of development fund for

Iraq money was stolen by senior Iraqi officials for their own personal gain."

The Inspector General's mandate does not include looking at the tens of billions that were sent from the New York Fed to the Baghdad government after the Coalition Provisional Authority went out of existence in 2004.

And he has limited ability to track whether the money was spent properly once it was transferred into Iraqi control. "It's not my job to track that," Bowen said. "That applies to virtually all of the funds that went into the Central Bank of Iraq. That became the duty of the Iraqi Ministers themselves, which of course at the time were rife with corruption."

On one occasion in which only "\$1.35 billion out of \$1.5 billion shipped to Baghdad in December 2003 was deposited into the DFI Baghdad account." That was because, the audit found, "The records note that \$150 million was improperly given directly to the Iraqi Minister of Finance at the airport."

In a second instance, the inspector general "could not find any specific documentation on the arrival and deposit of a \$400 million shipment into the CBI's DFI Baghdad account. And in a third case, "CPA accounting records show that the very last currency shipment totaled \$2.4 billion but that only \$766.4 million was deposited into the Baghdad account. The remaining \$1.6 billion was earmarked for Kurdistan, and documents show it was transferred to a Central Bank of Kurdistan representative for flight to Erbil." Bowen said he hopes the United States has learned some basic financial lessons from its experience in Iraq. "Pouring cash—hundreds of millions in dollars of cash—across a war zone is a foolish thing to do," he said.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,655.80	\$1,743.50	\$1,750.00	\$1,600.00
Oil	\$88.48	\$93.49	\$95.00	\$120.00
Dow Jones	11,808.79	12,231.11	12,300.00	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 is 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