

# Carr Talks

**TAXLOGIC**



**WEEKLY SUMMARY**

Starting the week on the back foot, the markets staged an amazing turn around once Italy appeared to turn its back on its Bunga Bunga President

Berlusconi joins a growing list of heads of state this year, who have been removed, not by choice, but by the economic and political changes roiling the world.

While Greece pulled back from the brink, and Italy was taking steps to install Technocrats to steer the country – what has actually changed?

These countries, and Spain and Portugal, (the PIGS) have a long way to go to stabilize their economies. A lot of pain, austerity measures, and slower growth has yet to come. The impact on the US will be significant. The global credit and financial markets are still reeling and the loss of MF Global does give the market confidence.

News this week showing that the US economy wasn't getting any worse was enough later in the week for the markets to stage impressive rallies.

The focus now shifts to the US Congress and the Super Committee that now has 10 short days to come up with \$1.2T of tax savings or increases. Undoubtedly they will come up with recommendations, at the last minute, but whether it is enough to avoid sequestration, only time will tell.

## Year End Tax Planning – Part 2

### Deduct Sales Taxes on Major Year-end Purchases If You Itemize

If you live in a state with low or no personal income taxes, be aware that Congress extended the federal tax deduction for general state and local sales taxes through 2011. Therefore, you have the option of deducting either state and local sales taxes or state and local income taxes on your 2011 return--but not both. Most of you will have to use IRS-provided tables to calculate your sales tax deduction. However, if you've hoarded receipts from your 2011 purchases, you can add up your actual sales tax amounts and deduct the total if that gives you a better answer. Even if you're forced to use the IRS table, you can still deduct actual sales taxes from 2011 purchases of vehicles and boats on top of the predetermined amount from the table. So buying a car or boat between now and year-end could give you a bigger sales tax deduction and cut this year's federal income tax bill. Warning: The sales tax write-off only helps if you itemize. And if you're hit with the AMT, you'll lose some or all of tax-saving benefit.

### Prepay College Tuition

If your 2011 adjusted gross income (AGI) allows you to qualify for the American Opportunity college credit (maximum of \$2,500) or the Lifetime Learning higher education credit (maximum of \$2,000), consider prepaying college tuition bills that are not due until early 2012 if that would result in a bigger credit on this year's Form 1040. Specifically, you can claim a 2011 credit based on prepaying tuition for academic periods that begin in January through March of next year.

If your 2011 AGI is too high to be eligible for the Lifetime credit, you might still qualify to deduct up to \$2,000 or \$4,000 of college tuition costs. If so, consider prepaying tuition bills that are not due until early 2012 if that would result in a bigger deduction on this year's Form 1040. As with the credits, your 2011 deduction can be based on prepaying tuition for academic periods that begin in the first three months of 2012. With the end of 2011 rapidly approaching, it's now officially time to consider making some moves that will lower this year's tax bill. However you don't want to take actions that would increase your 2012 tax bill by more than you would save this year. In this regard, the key question is whether you will make as much or more money next year. The answer will determine your 2012 marginal federal income tax bracket, which you will need to know to do the best job of planning for the rest of this year.

### Sell Loser Stocks Held in Taxable Accounts

Selling loser investments (currently worth less than you paid for them) held in taxable brokerage firm accounts can lower your 2011 tax bill because you can deduct the resulting capital losses against any capital gains from earlier in the year. Plus you can deduct up to another \$3,000 of net capital loss (or \$1,500 if you are married and file separately) against ordinary income from salary, bonus payments, self-employment activities, alimony, or whatever.

Any excess net capital loss is carried forward to future years and puts you in position for tax savings in 2012 and beyond.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,755.30	\$1,789.00	\$1,800.00	\$1,600.00
Oil	\$94.42	\$99.22	\$95.00	\$120.00
Dow Jones	11,983.24	12,153.68	12,300.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	9.00 %	9.00 %	9.00 %	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 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@psspayroll.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