

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

One would be forgiven for thinking that the world economic problems were over and peace and prosperity reigned supreme this week. The global financial markets warmed to 120,000 new jobs created in the US, a reduction in the unemployment rate from 9.0% to 8.60% a strong Thanksgiving start to the Christmas buying season and a “wall of money” proposed in the Euro Zone to prevent the financial collapse of the weaker currencies.

Call me a skeptical cynic, but the US needs to create 250,000 jobs a month for the next 5 years to absorb the jobs that were lost in the current recession. The reduction in the unemployment rate from 9.0 to 8.6 can be more easily explained by those long term unemployed giving up looking for work and dropping out of the work force. While Thanksgiving sales were strong in the US – at what price? Lower margins and lower profitability to move inventory is the likely scenario.

China showed weakness this week in manufacturing and domestic housing and there is no assurance that the country will end up with the soft economic landing that many have predicated. Greece and Italy have been pushed to the back burner while hope for a global economic recovery on the horizon – but major significant structural reforms are needed now – not later.

Eco Friendly moves for 2011

Electric Plug-In Cars

If you buy a new electric plug-in vehicle like the GM Chevy Volt, Nissan's Leaf, or Ford Motor's forthcoming Focus Electric, you can get a \$7,500 federal tax credit. The credit, unlike the original hybrid credit, can be used to reduce your alternative minimum tax, as well as your regular tax. The credit is not refundable and cannot be carried forward, so you must otherwise owe \$7,500 to get the full benefit of it.

Home Improvements

For 2011 you can claim a maximum credit of \$500, equal to 10% of the cost of installing certain energy-saving improvements, including insulation, new windows, air conditioning and heating equipment. That's down from a \$1,500, 30% credit in 2010. Warning: You cannot claim the 2011 credit if you've already claimed \$500 or more in home energy credits in prior years.

Residential Charging Stations

There's a 2011 federal tax credit equal to 30% of the cost of installing a residential electric car charger, up to a maximum \$1,000 credit. You don't absolutely need a special home charging system, but it speeds up the time to charge your car. Act fast. The credit expires at the end of 2011.

Car Conversion

You can convert your gas-guzzler to a plug-in with an electric car conversion kit, and snag a federal tax credit for 10% of the conversion cost, with a maximum credit of \$4,000. Compacts and sports cars are good candidates. Act fast; this credit expires at the end of 2011.

Low-Speed Electric Vehicles

A federal tax credit of up to 10% of the cost of a low-speed electric vehicle, with a maximum credit of \$2,500, is available through Dec. 31, 2011. Eligible vehicles

include street-legal golf carts and mopeds

Green Commuting

For 2011 bus, train, subway and van-pool commuters can put away up to \$230 a month pre-tax to pay their commuting expenses, provided their employers offer a pretax plan. On Jan. 1, 2012, that changes to \$125 a month, unless Congress acts. A separate provision lets employers reimburse you \$20 a month for bicycling commuting expenses as a tax-free fringe benefit, but you can't get both the bike and transit benefits.

Home Solar

Install home solar panels to generate electricity or to heat water (for your shower, not your pool) and Uncle Sam will give you a tax credit equal to 30% of the price. For a solar hot water system costing \$10,000, that's a \$3,000 break. For a \$60,000 whole-house system, that's \$18,000 off your taxes. The credit is available through 2016, can be used to offset the AMT and can be carried forward to the next year if you can't use it all at once.

Home Geothermal

Uncle Sam will give you a tax credit for 30% of the cost of a geothermal heat pump system that feeds off the warmth in the ground to heat your home. A typical installation runs \$18,000, meaning a \$5,400 credit. The credit is available through 2016, can be used to offset the AMT and can be carried forward to the next year if you can't use it all at once.

Wind Energy

A basic residential windmill runs \$40,000, but you can get a federal tax credit equal to 30% of its cost. Warning: Zoning laws might restrict a wind tower in your neighborhood. The credit is available through 2016.

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,680.30	\$1,749.10	\$1,800.00	\$1,600.00
Oil	\$97.32	\$101.13	\$105.00	\$120.00
Dow Jones	11,231.78	12,019.42	12,100.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	9.00 %	8.60 %	8.60 %	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