

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

The exogenous events in the Middle East will have long term ramifications for the West. The Law of Unintended Consequences will, by definition result in outcomes that are not foreseeable at this point. The destabilization of the region with Yemen, and Jordan being the next dominos to fall as the contagion spreads.

It was hardly surprising to learn that the CIA, the preeminent spy agency, (that receives \$60 Billion a year in funding), wasn't paying attention to Twitter and Facebook and didn't see the social changes coming.

Maybe some of their analysts will now pay more attention to social media sites (HUMINT) than all the hi-tech equipment and technology that continues to let the country down when it comes to transformational events. (i.e. Oklahoma City bombing, 911, and now the Middle East.)

The drop in the unemployment rate from 9.4% to 9.0% (when only 36,000 new jobs were created in January) confirms that this is a very slow recovery. The drop in the unemployment rate is likely more a function of people giving up looking for work, than a meaningful increase in employment prospects.

Housing remains moribund, with the real possibility of a further significant decline (10%) in values later in the year.

**Finance and Taxes
DELAY FOR ITEMIZED FILERS**

Taxpayers who claim itemized deductions will be able to file their federal tax returns next week, starting Feb. 14, 2011

While the tax-filing season began on Jan. 4, the IRS announced last year that taxpayers who itemize — which includes just about everyone who has a mortgage — would have to wait until at least mid-February to file.

The IRS said the delay was necessary because it needed more time to program its systems to accommodate tax breaks included in the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010.

CHARITABLE DONATIONS.

The IRS requires you to have a bank record or written receipt from the charity for all monetary contributions, even change

you put in the church plate. For contributions of property valued at \$250 or less, you're required to have a receipt or personal record of the donation; additional documentation is required for non-cash contributions that exceed \$250. You're not required to include these documents when you file your tax return, but you should have them on file in case you're audited.

Last January, Congress approved legislation that allowed taxpayers to claim donations made to disaster victims on their 2009 tax return, as long as the contributions were made between Jan. 11 and March 1, 2010. If you took advantage of that law, make sure you don't claim those same deductions on your 2010 tax return.

PROCRASTINATORS

The deadline for filing this year has been moved to Monday April 18, 2011. Because Washington DC has a holiday Friday 15th, deadline is moved to the following Monday.

**Technology
Mobile / Portable Merchant
Acceptance**

For the first time, your bank can talk to your smartphone through your wallet.

A new service called [Square](#) bridges the gap between the physical wallet and the digital smartphone by allowing users to swipe their credit or debit cards with their smartphones and pay for virtually anything.

The service is the brainchild of Twitter co-

founder **Jack Dorsey**, and works like so: [Download the free app](#) (iPhone/iPod/iPad, Google Android)

1. Sign up and order a free card reader.
2. Plug the plastic cube into your device's headphone jack.
3. Swipe someone's card.
4. Have them sign the screen using their fingertip.
5. Voila: you receive payment, and they receive a digital receipt via SMS or e-mail. Perfect for businesses without a storefront

www.carr.co.nz/stats

	Last Week	End of Week	Next Week	12/31/2011
Gold	\$1,339.10	\$1,348.60	\$1,300.00	\$1,600.00
Oil	\$89.49	\$89.12	\$92.00	\$120.00
Dow Jones	11,823.70	12,092.15	12,300.00	12,250.00
Prime Rate	3.25 %	3.25 %	3.25 %	4.00 %
Unemployment	9.40 %	9.00 %	9.00 %	9.50 %