

Carr Talks

TAXLOGIC



WEEKLY SUMMARY

We start 2012 with the Dow up 6% for the year and S&P statistically unchanged. While the economists feel that the recession is over, many hard working American's would beg to differ.

So what to expect for 2012? It will be much of the same. Growing the economy after the GFC (global financial crisis) will take time. While collapses are immediate, recoveries take time to rebuild confidence and establish credit and lending again. Hiring will be quiet as companies focus on profits and retaining cash.

The election will have undue influence on the economy as both sides wage partisan battles, a 180 degree divergent opinion as to how to reconcile spending and taxing decisions.

Counties and states will struggle with collapsed housing prices and slower spending generating less sales tax and property taxes, and income taxes.

The Euro dropped under 130, showing that the problems in Europe are not yet resolved and that more austerity is coming for a challenged part of the world.

The Middle East is struggling with new governments after breaking free from dictatorships, and Iraq and Afghanistan will struggle with warring factions as they rebuild their countries after a decade of US involvement.

Bring on 2012!

What documents to keep after year end

The end of the year is a great time to clean house. BUT don't destroy tax returns.

Never destroy copies of your tax returns or proof that you paid any balance due. If possible, keep both an electronic copy and hard copy of your returns. They don't take up that much room. You can fit 10 to 20 years of tax-return files into one or two 12" x 15" cardboard storage boxes.

Why say "never" on tax returns? After all, the IRS may audit you only for up to three years after you file, right? Well, not so right. If there is an error of 25% or more on your return, the IRS may audit for up to six years. When it comes to certain other errors, there may be no statute of limitations. States tend to have a longer open window because they assess taxes after an IRS audit.

Another problem that crops up often enough to consider is that government agencies lose tax records. Without a copy of the tax return from 10 years ago, how can you prove you've already filed and paid? If you worked in a state several years ago and never filed a tax return, the statute of limitations has never closed. The same thing applies to partners in a partnership, LLC or S Corp, the states can come after you forever.

How does having a copy of the tax return for that year help? Most state tax returns start with the federal information and give you credit for your federal itemized deductions. So you don't have to work as hard to prepare those unfilled state returns when the states demand you file.

Save property records

One of the big nightmares many people face is how to establish the basis (tax cost) of an asset held for decades when they sell it. This applies to real estate, stocks, retirement accounts, insurance policies,

collectibles, etc. Keep all purchase records, improvement receipts, reinvestment records — and anything else related to the ownership of your assets.

Even if you don't organize your files, if you keep all the records in one place, you can sort them out when necessary. Better yet, try to keep the records organized, at least minimally. Use expandable files, labeled with each asset or asset type. Then, just drop papers into the file.

Save loan records

The Recorder's office does make errors. Or the bank may fail to file the final paperwork with the appropriate government or credit agency. Keep copies of major loans and their payoffs — real estate, vehicles, student loans, lawsuit payoffs, long-term credit-card balances, personal loans, family loans, etc.

Those records are also helpful when you need to prove that you made a particular payment.

Keep warranties

Warranties and service records have a variety of terms. They will provide parts and labor in the initial years after purchase. But some will provide longer-term support for the more expensive materials in computers, furniture, appliances, etc. They will also provide model numbers and valuable contact information to the company so you can get replacement parts, even after the warranty has expired.

Disaster strikes

If you live in a disaster-prone area, consider keeping copies online of important personal and business records — and irreplaceable family photos. You won't have to struggle to reconstruct anything after your local earthquake, flood, fire or hurricane.

	Last Week	End of Week	Next Week	12/31/2012
Gold	\$1,608.70	\$1,567.00	\$1,600.00	\$1,950.00
Oil	\$99.86	\$99.06	\$102.00	\$120.00
Dow Jones	12,294.00	12,217.56	12,100.00	12,000.00
Prime Rate	3.25 %	3.25 %	3.25 %	3.25 %
Unemployment	8.60 %	8.60 %	8.60 %	8.30 %



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