

TAX SCAM WARNING

- IRS warns Seniors, Working Families and some Church congregation members of bogus schemes promising refunds for Tax Credit programs such as College Tax Credits or Earned Income Credits. In return for upfront fees...the filer is promised thousands of dollars of refundable credits that never happen. The scam artist now has your name, social security number, address and birth date...YIKES.
- Remember...the IRS **NEVER** sends you an unsolicited E-mail. Send these directly to your Deleted box...**DO NOT OPEN**.

WHAT'S THE STORY ON THIS 1099-K?

- New for 2011 business owners...your merchant card transactions are now reported to the IRS as part of your Gross Receipts reconciliation.
 - **CAUTION** for 1099-Miscellaneous reporting - Watch for double reports. More important than ever to reconcile these end of year reports.
 - 1099-K's and 1099-Misc. have the same reporting/ mailing deadlines.

WALK LIKE A DUCK

- In our electronic world of tracking, matching and overall "in your business"... it's more important than ever that all business licenses are filed/business banking and accounting records are reconciled.
 - Have you filed for your local or county business license?
 - Have you filed and published your fictitious business name?
 - Are you keeping your business calendars/logs up to date?
 - Have you kept your professional licenses active?
 - Are you reconciling your banking records monthly?

FAQ's Corner:

Well...another tax season is **almost** over. Most of you met the April 15th deadline, but a select few are still gathering information until our next October 15th deadline. We are asked many questions when we meet with each of you. We thought we should share with all of you some of the highlights of our season.

Question: My daughter turned 20 this year. She's going to Community College and working *almost* full time. Is my daughter still my dependent?

- ✓ If your daughter is a full time student (carrying 12 units or more per semester) she can still be considered your dependent **without** testing her income levels.

Question: When I use my car for my boss, he reimburses me 40 cents per mile. I read that the 2012 Standard Mileage rate is 55.5 cents per mile. Can I write off the 15.5 cents that I am **not** being reimbursed?

- ✓ Employee business expenses are part of your Miscellaneous Itemized Deductions. You are entitled to calculate this remaining 15.5 cents per mile and include this in your Miscellaneous Deductions.

Question: What are my chances of a tax audit?

- ✓ The IRS publishes exam data records annually. **Targets:** Rental property owners, Schedule C filers (Sole Proprietors) - with gross receipts over \$100,000, Small corporations with gross receipts over \$5,000,000. They also compare tax bracket norms...neighborhood statistics...outside the norm - up goes your score. The higher the score the more likely the audit.

Question: Aunt Bertha passed and left me a chunk of money. Can I spend it **all** on chocolate...or do I need to save some for taxes?

- ✓ Typically...Estates have already paid taxes for you. So...spend away.

Question: Our kids needed financial help last year. Can we deduct the money we gave them as a Charitable Donation?

- ✓ No. The only deductible contribution allowed is to your church or Exempt Organization - 501 (c)3 types. Check the IRS charitable organization rosters for active/recognized groups. **However...**you may want to test for Qualified Dependent deductions.

Remember: Taxes don't have to be a surprise.