

Brenda M. Bianculli, CPA, LLC

Certified Public Accountant & Business Advisors

mailing address: P.O. Box 209, Charlton, MA 01507

office location: 6 Main Street, Charlton, MA 01507

phone: 1-508-248-2727

fax: 1-866-684-7599

brenda@brendacpa.com

SEPTEMBER 2009 – ESTIMATE REMINDER LETTER & TAX UPDATE

3rd QUARTER ESTIMATED TAX PAYMENTS (due Tuesday, September 15, 2009)

For those individuals who make quarterly estimated income tax payments, your 3rd federal and state payments are due on or before **Tuesday, September 15, 2009**.

YEAR-END TAX PLANNING – START NOW!

Don't wait until December to determine if you need tax planning for the year 2009. Let me know as soon as possible if you want me to review your expected 2009 income and deductions and estimate the related tax liability (and recommend any tax saving strategies for 2009 and/or 2010).

ATTENTION BUSINESS OWNERS!!

Have you taken the time to review some very important business issues lately? Let us know if you need assistance (or referrals) related to any of the following areas (or any other issues).

- Proper insurance coverage
- Sales, use, and/or meals tax rules
- Company retirement plans
- Employee benefit plans, bonuses, etc.
- Business plans and goals
- Deferred compensation agreements
- Exit strategies/succession planning
- Key-man life insurance
- Budgets and cash flow analysis
- Recordkeeping procedures and office organization
- Marketing and advertising
- Timely tax filings, certificates, licenses, etc.
- Shareholder/Partner basis, distributions, and compensation
- Year-end tax planning
- Technology - backup procedures, off-site storage, paperless office, data security
- Proper payroll filings/payments, pre-tax deductions, personal use of autos, etc.
- Worker classification (employee v independent contractors)

IMPORTANT REMINDERS

0% tax rate - Taxpayers in the 10% and 15% brackets can take advantage of a 0% tax rate on long-term capital gains. This tax break ends after the year 2010.

Waiver of 2009 required minimum distributions AND tax-free IRA payouts to charities – If you're 70 ½ or older, you can elect to forego the required minimum distribution from your retirement plan for the year 2009 only. Depending on your tax situation, this could be a wise move. Also, tax-free IRA payouts to charities have been extended through 2009 (up to \$100,000 if you are at least 70½).

New Roth IRA Conversion Rules (beginning in January 2010) - Currently, if you want to convert a traditional IRA to a Roth IRA, your modified adjusted gross income can't exceed \$100,000. But, starting in 2010, the ceiling disappears. Also, taxpayers who wait to convert in 2010 can pay half the tax in 2012 with their 2011 tax return and pay the balance in 2013 with their 2012 tax filing.

Federal Employment Tax Audits – Detailed federal employment tax audits by the IRS are scheduled to begin in November 2009 and will last approx. 3 years. The selection process is determined using a statistical sample and the IRS will primarily focus on *worker classification, fringe benefits, officer's compensation, and reimbursed expenses*.

HOPE Tuition Credit – The HOPE tuition tax credit is replaced (retroactive to Jan. 1, 2009) by a better credit of up to \$2,500 per year for 4 years (no longer two) of college.

\$8,000 First-Time Homebuyer Credit – This credit only applies to eligible purchases prior to December 1, 2009.

Sales Tax Deduction for New Vehicle Purchases – This deduction only applies to eligible purchases between February 17, 2009 and December 31, 2009.

DISCLAIMER REGARDING TAX ADVICE PER IRS CIRCULAR 230, DISCLOSURE: To ensure compliance with requirements imposed by the IRS, this is to inform you that, to the extent that this communication (including any attachments) includes any tax advice, it is not intended or written to be used, and cannot be used or relied on, by the recipient or any other party for the purpose of 1) avoiding penalties that may be imposed by the Internal Revenue Code or 2) promoting, marketing or recommending to another party any transaction or matter communicated to you.