

**JOSEPH B. MIHALOV, CPA, P.C.**  
Certified Valuation Analyst

P.O. Box 1099  
Valparaiso, IN 46384

Office (219) 464-1011  
Fax (219) 462-1916  
[www.jbmihalov.com](http://www.jbmihalov.com)

**NEWSLETTER**  
*AUGUST 2007*

THE 2007 SMALL BUSINESS TAX ACT

Small businesses can write off the cost of qualifying property up to \$125,000.

For businesses that generate “tips” for their employees, the FICA tip credit will continue to be based on the old minimum wage of \$5.15 per hour rather than the new minimum wage that will reach \$7.25 over the next two years.

The Work Opportunity Tax Credit has been extended through August 31, 2011. That credit encourages employers to hire economically challenged individuals as well as veterans with service-connected disabilities.

A married couple who jointly operate an unincorporated business and file a joint return can elect not to be treated as a partnership for federal tax purposes.

“Kiddie Tax” now reaches children under age 19 (previously under age 18) and students under age 24. Employers of any size may establish a Health Savings Account. Pre-tax contributions can be made through a cafeteria plan. For 2007, the maximum contribution is \$2,850 for self-only coverage and \$5,650 for family coverage.

ESTATE AND GIFT TAXES

For 2007 the estate tax exemption is \$2,000,000 and the lifetime gift tax exemption is \$1,000,000. The annual gift tax exclusion is \$12,000 per person.

LONG-TERM CARE INSURANCE

If you are over 70, you may deduct \$3,680 of your annual premiums. Ages 61 to 70 may deduct \$2,950 of their long-term care insurance premiums.

STANDARD MILEAGE RATES FOR 2007

Business use:	48.5 cents per mile.	Charitable use:	14 cents per mile
Medical:	20 cents per mile	Moving	20 cents per mile

*WE CELEBRATE OUR FIFTEENTH YEAR SERVING OUR CLIENTS*

2601 Chicago Street #A  
Valparaiso, Indiana 46383