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NEWSLETTER
2007
HAPPY NEW YEAR

THE FEDERAL "DEATH TAX"

In 1994 the "death tax" applied if your estate was worth more than \$600,000. Now, 2007, it will not apply until you are worth more than \$2,000,000. And with proper planning, you can increase that amount to \$4,000,000. My, my have times changed.

2007 IRA CONTRIBUTIONS

Make your 2007 IRA deduction now. Don't wait until next April 15, 2008 to do so. If you do, you lose 15 months of tax deferral.

JANUARY MEANS GETTING NEW W4s

No matter how long an employee has been with you, remember to get a new W4 for 2007. That form tells you how much income tax to withhold from your employee's paycheck.

4th QUARTER ESTIMATED TAX PAYMENTS

Since the 15th falls on Dr. Martin Luther King, Jr., day, a national holiday, your 4th quarter payment is due January 16, 2007.

GIFTS TO INDIVIDUALS

The annual gift tax exclusion for gifts made in 2006 is \$12,000 up from \$11,000. But do remember to add up all gifts made during the year. For example, assume you gave your child \$1,000 on his or her birthday. You were planning on giving \$12,000 to your child for Christmas. However, since you already gave the child \$1,000, you can only give him or her \$11,000 on Christmas. Otherwise, you would have to file a gift tax return, even though no gift tax would normally be due.

INDIANA INHERITANCE TAX

Indiana does not tax property transferred to a surviving spouse. Other heirs are classified according to the relationship between the beneficiary and the decedent. Lineal ancestors and descendants (Class A), are entitled to a \$100,000 exemption. Brothers, sisters, or their descendants (Class B), get a \$500 exemption. All others (Class C), are entitled to a \$100 exemption. Thus, if your only child inherits \$1,000,000, the Indiana Inheritance tax would be \$45,250. As always, consult your attorney.

IF YOU LIKE OUR SERVICE, TELL OTHERS. IF YOU DON'T, TELL US.

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