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NEWSLETTER
JULY 2007

WE ARE CLOSED WEDNESDAY, JULY 4 TO CELEBRATE OUR NATION'S BIRTHDAY

EXTENDED PARTNERSHIP, ESTATE & TRUST TAX RETURNS

The captioned returns that were extended are to be filed by July 15, 2007 unless further extended for an additional three months

DELINQUENT TAXPAYERS

The National Tax Foundation reports a meteoric rise in taxpayers not paying their taxes on time. Why is this happening? A principal reason seems to be the borrowing and credit-card craze gripping these tardy taxpayers. Before one decides to borrow from the U.S. Government, consider the dire consequences of doing so. First, in addition to the regular interest charge, there is the failure to pay penalties of ½ of 1 percent per month increasing to 25 percent of the tax due. Next, if after repeated requests to pay and a notice of levy is issued, you do not pay, the monthly penalty may be doubled to 1 percent. The IRS then can sell your assets that were levied. Finally, the failure to pay taxes on time is placed on your credit history. This may cause an inability to borrow money in the future.

More dire consequences face small businesses that fail to remit payroll taxes.

On December 15, 2006, an **Indianapolis** businessman was sentenced to 57 months in prison and ordered to pay \$871,042 restitution to the IRS for failure to pay employee withholding taxes. The IRS seized all of the taxpayer's assets, including his personal residence, which will be sold to pay the taxes the taxpayer failed to pay.

On April 18, 2007, a Florida landscaper was sentenced to 24 months and one day in prison to be followed by three years of supervised release. He was ordered to pay **\$140,852** for failing to collect and truthfully account for and pay FICA taxes owed on wages of his employees due and owing to the IRS **for the quarter ending March 30, 2002.**

As you can see, the aforementioned amounts and time frame are not substantial or extended over long periods.

Moral of the story, pay your taxes first before paying yourself and vendors.

WE CELEBRATE OUR FIFTEENTH YEAR SERVING OUR CLIENTS

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