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**NEWSLETTER**  
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INDIANA WORKFORCE DEVELOPMENT AUDITS

Subchapter S corporations that do not pay their officers a *reasonable* wage will have one imputed for them by the auditor. In the minds of The IRS, and now Indiana's Workforce Development, too many Subchapter S corporation's owners pay no or an unreasonable amount of salaries or wages. "Why?" you ask. The reason is that the owner escapes paying Social Security and Medicare taxes.

APRIL 15<sup>TH</sup> IS OVER

Perhaps it is the sign of the times, but we noted an increase in the number of clients who had a large balance due The IRS for their 2007 taxes but didn't have the money to pay these taxes. Even though they extended the filing date of their return, these clients will be faced with penalties for not paying their taxes on the April 15 due date. Time for filing your return that is extended does not extend the payment of the balance due. And to exacerbate the situation, these clients didn't have the funds to pay their 2008 first estimate tax payment which, as you guess, will attract penalties and interest.

TAX STIMULUS PAYMENT

The rebate, ranging from \$300 and up, depending on your income level and number of qualifying children under age 17, does not have to be repaid in the future and is not taxable on your 2008 return. **If you have more questions, go to IRS.gov.**

IS IT GREED OR WHAT?

It never fails to amaze this writer to read about individuals investing in financial products that pay a higher rate of interest. Recently, as reported by "National Public Radio," a woman sold her house and, not needing the funds immediately, invested those funds in a "Mortgage Investment Certificate" upon the advice of a national stockbrokerage firm. Yes these certificates paid a higher interest rate than a money market. However, the broker failed to tell the woman that the certificates were **illiquid**. Now that she needs the money to buy her new house, she can't since her funds are tied up! So, before you invest in a financial product that you do not understand, don't invest in it!

*THANK YOU FOR CHOOSING OUR FIRM*

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