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NEWSLETTER
MAY 2009

MEMORIAL DAY

We will be closed to observe the national holiday, May 25, 2009.

OFFICE HOURS

Our normal hours are 8 a.m. to 5 p.m. Monday through Friday. We are closed Saturday and Sunday. Beginning June 5 we will close at 1:00 p.m. on Fridays until Labor Day in September.

DID YOU EXTEND THE FILING OF YOUR INCOME TAX RETURN?

Those of you who extended the filing of your income tax return should be reminded; again, that you cannot extend the payment of any tax that may be due. So if you guessed incorrectly as to the amount of taxes due for 2008, IRS will charge you interest and penalties on the amount you failed to pay on April 15, 2009. So waiting until the final extended due date of October 15, 2009 will only exacerbate the penalties and interest.

2009 IRA MINIMUM DISTRIBUTIONS SUSPENDED

Individuals age 70 ½ are required to take a minimum distribution from their IRA accounts. Because of the dismal performance of the stock market, Congress passed legislation that permits affected individuals to skip taking their minimum distributions for 2009. You can of course take the minimum distribution if you so choose.

BUSINESS OR HOBBY

Perhaps because of the economy, this past tax season saw many more clients with self-employed businesses. And unfortunately, all too often these “businesses” sustained substantial losses which were used to offset W2 wages. The IRS views many of these businesses as “hobbies” and disallows claiming the losses against W2 wages. In order to overcome the IRS’ disallowance of these losses, the taxpayer must prove that the business in question was entered into to make a profit. For an equine activity, making a profit in 2 out of 7 years *may* mean that you are presumed to have a profit motive. However, if your profit for the two years is “small”, the IRS will disallow the losses for the other years in question. For non-equine businesses, substitute “3” for “2” and “5” for “7”.

Thank you for your patronage and we appreciated your referrals.

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