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NEWSLETTER
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FALL IS HERE

Those who have extended their personal income tax returns have until October 15, 2007 to file them to avoid the late filing penalty. We are, unfortunately, finding that many of the extended returns have large amount of taxes due. This means that IRS and Indiana will extract penalties and interest for failure to pay the taxes on or before April 16, 2007.

We also note that too many clients are skipping their estimated income tax payments that are due in April, June, September and the following January. Many find that they are unable to pay the balance due on their prior year's tax liability and the first estimated tax payments for the current year all due on the same date in April.

The above analysis shows that the tardy taxpayers are not sticking to their budget or spending tomorrow's cash, or both.

SMALL BUSINESS TAX ACT ENACTED

On May 25, 2007 the President signed the captioned Act into law which was a part of a larger bill providing funds for the troops and an increase in the federal minimum wage to \$7.25 over a two-year period.

Here are brief summaries of some of the changes:

- The one year depreciation write-off is increased from \$112,000 to \$125,000
- The Work Opportunity Tax Credit for hiring certain disadvantaged workers was extended through August 31, 2001 and broadened to include more veterans.
- The FICA tip credit will be based on the old \$5.15 minimum wage notwithstanding the increase to \$7.25 an hour.
- Married couples filing jointly and jointly operating an unincorporated business can each report their income on Schedule C of Form 1040. They can also elect not to report their income as coming from a partnership.
- For full-time students, the "kiddie tax" will apply until age 24 not age 19 as for others. This change is effective for tax years beginning after May 25, 2007, i.e., 2008 for most taxpayers.
- If your Check to IRS bounces, you will be assessed a penalty of 2% of the amount of the bad check or a minimum penalty of \$15 if the check is for less than \$750.

WE CELEBRATE OUR FIFTEENTH YEAR SERVING OUR CLIENTS

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