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NEWSLETTER

HAPPY NEW YEAR! **JANUARY 2011**

PRESIDENT SIGNS BILL EXTENDING BUSH'S TAX CUTS

The U.S. Joint Committee on Taxation highlights some of the \$858 billion **tax cut costs (in \$ billions)** as follows:

Income taxes: Extends Bush's tax rates at all income levels.	\$186.8
Alternative minimum tax: Spares 20 million middle-income households.	136.7
Payroll tax: Lowers FICA tax from 6.2% to 4.2% in 2011.	112.0
Child tax credit: Expands who can claim \$1,000 credit.	71.7
Estate tax: Increases exemption from \$3.5 million to \$5 million.	68.1
Jobless benefits: Up to 99 weeks, through 2011.	56.5
Itemized deductions: More generous for high-income households.	20.7
Standard deduction: Higher for married couples.	18.0
Extending sales-tax deductions.	5.5

NEW HEALTH CARE REFORM

With the exception of the tax credit for small businesses providing health insurance for their employees which takes effect in 2010, most of the health care changes take effect in 2013 and 2014. With the 2012 presidential election, who knows if many of the health care reforms will survive?

DELAY MAKING YOUR TAX APPOINTMENTS

Stockbrokers, banks and others that provide Form 1099s are to do so on or before January 31. However, some brokerage houses are telling their clients that Form 1099s will not be mailed until the middle of February. If this is your case, please consider delaying your appointment until you are certain that you have all of your 1099s. It is disheartening to have to amend or change your return which will cost you our rerun fee.

FOURTH QUARTER ESTIMATED INCOME TAX PAYMENTS

Normally due on January 15, 2011, this year the payment date is extended to January 18, 2011 since January 15 falls on a Saturday and Monday, January 17 is a federal holiday honoring the Dr. M.L. King, Jr.

OBTAIN NEW W4 FORMS FROM ALL EMPLOYEES

Each January employers are required to obtain new W4s from all of their employees.

FUTA TAX INCREASE

When you file your Federal Form 940 on or before January 31, 2011, you will have to pay an additional .3% on every \$7,000 of wages paid.

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