



Welcome to Tax News

In addition to providing tax preparation and personal financial planning services to our clients we will be preparing a weekly newsletter of relevant information that will strive to help you achieve your financial goals and lower your taxes.

In each weeks newsletter you will find:

- ◇ A calendar of upcoming tax deadlines
- ◇ A web site of the week that is relevant to business or taxes
- ◇ A question of the week that will be appropriate to most taxpayers situations
- ◇ Tax tips that will help reduce your taxes
- ◇ Plus much more

Enjoy the read and profit from the experience of Tax News

In Today's Issue

Foreign-Profit Tax Break Recently Outlined

The Bush administration outlined the rules for a huge one-time tax break for companies to reinvest their overseas profits back into the US.

Tax Tidbits

Some Useful Tax Ideas

Website Of The Week

www.smartmoney.com

The smart way to make money.

New York Mayor In Favour of Taxing Internet Purchases

New York City Mayor Michael R Bloomberg has recently announced that he favours regulations allowing states and cities to tax purchases made over the internet.

News From The IRS

New Electronic Filing Requirements Announced for Large Corporations

Foreign-Profit Tax Break Recently Outlined

Late last week, the Bush administration outlined the rules for a huge one-time tax break for companies to reinvest their overseas profits back into the United States.

The tax break, which was part of last year's corporate tax bill, will allow companies to pay a fraction of the normal tax rate on hundreds of billions of dollars in foreign profits if they pledge to invest the funds into activities that may create jobs at home.

In a setback for many of the biggest potential beneficiaries companies can not use their windfalls for repurchases of stock or increases in shareholder dividends.

Investors reacted with disappointment to the new rules, with stocks for companies that had pushed hard for the tax break such as Eli Lilly, Hewlett-Packard and Pfizer, all declined slightly after the rules had been announced.

The new rules will help companies finance some activities that do little to directly increase employment, and a few-like corporate acquisitions – that might lead to job cuts.

The tax break is believed to be able to be used to finance advertising and marketing, even if a company did not plan to increase its advertising.

The administration said companies could also use their foreign profits to pay for corporate acquisitions, redeem oil debt and spend on the general purposes of "financial stabilization."

As adopted by Congress last year, the new law would give companies a one-time opportunity this year to bring a total of as much as \$500 billion in foreign profits into the United States and pay a tax rate of 5.25 percent, instead of the standard corporate tax rate of 35 percent.

Under tradition tax law, the companies would be required to pay the full tax rate as soon as they brought the money back into the country however will the one-time tax break, it will let companies take advantage of the lower rate if they put forward a plan to reinvest their profits in ways that enhance employment in America.

The law itself is quite broad, explicitly allowing companies to allocate their money for "financial stabilization," corporate acquisitions and research and development.

Under the "guidance" published by the IRS last week, companies do not face a specific deadline for actually reinvesting the money and merely have to do so within "a reasonable time."

Dates For The Diary

January 15

* 4th Estimated Payment for 2004 Due.

* Employers make Monthly Payroll Tax Deposit.

January 31

* Send W-2s/1099s to recipients today.

* File Quarterly/Annual Payroll/Sales Tax Returns.

Tax News

An Everett man who fraudulently prepared federal income tax returns has left hundreds of Washington taxpayers owing \$1.8 million in back taxes, penalties and interest.

Bouavanh Norasinh, aged 43, was sentence to nine months in prison, followed by six months in a halfway house and then another three months on home detention after pleading guilty to preparing more than 300 fraudulent tax returns from 1997 to 2000.

Officials say Nourasinh prepared 323 fraudulent returns, though they did not know exactly how many taxpayers were involved as some could have hired him multiple times. The taxpayers now owe \$1.2 million in back taxes plus \$600,000 in penalties and interest.

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Tax Tidbits

Some Useful Tax Ideas

- ◇ If you itemize deductions, you probably already know that you can deduct the personal property tax for what you pay on your car but do you remember to deduct it for your boat? Personal property taxes are deductible if they are based only on the value of the property; and charged on an annual basis, even if collected more or less often than once a year.
- ◇ According to Wells Fargo Back, in order to open a business account you must have a Federal ID number, even if there are no employees. The bank must also see the paperwork from the IRS before the account can be opened.
- ◇ If you are unemployed and receive unemployment benefits to make up for some of the wages you aren't getting, these benefits are taxable. To help ease the burden at tax time, you can file Form 4-4V to specify the amount of tax to be withheld from your benefits.
- ◇ If tax time finds you short of cash, you can opt to pay your tax bill with your credit card. If you make quarterly estimated tax payments, you, too, can charge your payments. You'll need a MasterCard, Discover, Visa, or American Express card to take advantage of this program. The credit card company will charge you a convenience fee based on the amount charged.

Website Of The Week

The smart way to make money

<http://www.smartmoney.com>

SmartMoney.com is a website full of finance information with everything from regular updates from the stock exchange to advice on all things tax related.



Covering such sections as Tax Filing, Retirement, Home and families, as well as Business, the website not only provides information and answers to question but also tax worksheets to help when working through it all.

The website provides up to date information on currently trading stocks as well as all the movement of the Nasdaq, Dow Jones and the dollar.

Providing investor information as well as finance news, analysis and commentary smartmoney.com provides you with an large amount of information and resources to help you increase and successfully manage your wealth.

For all things finance related from taxes to investments from the economy to Wall Street, www.smartmoney.com is definitely the place to visit, which is why its our website of the week.



What's On Offer

At Taxlogic, the accountants are all professionals with over 25 years experience in the taxation industry with an extensive knowledge and focus on electronic filing.

By using the team at Taxlogic to prepare and file your tax returns, not only will you be given excellent service, but you will also be treated like a person not just a number.

From any computer, anywhere in the world, 24 hours a day, seven days a week Taxlogic can help you with your tax preparation.

As well as the ability to prepare personal tax returns the team at Taxlogic also are very knowledgeable with corporate/business returns for the current or previous years.

The team also provide services to help with company formations, annual minutes for corporations and payroll preparation.

Bookkeeping courses and weekly newsletters are provided by Taxlogic to help keep you informed on the latest and greatest of all things tax orientated.

Help can also be given when preparing your employee handbooks

For all things tax related, look no further than the team at Taxlogic.

New York Mayor In Favour of Taxing Internet Purchases

New York City Mayor Michael R Bloomberg has recently announced that he favours regulations allowing states and cities to tax purchases made over the internet.

The mayor said that governments should have the right to impose a sales tax on such purchases as a way to raise money for their schools and police and fire departments.

He believes that it isn't fair that because you order it a different way that you are able to avoid the tax that other people have to pay.

In the early days of the internet the argument was that the internet was new and needed a bit of help, so it should have a tax break for a while.

Nowadays the internet is an accepted way to do business, as well as do shopping and now Mayor Bloomberg believes should be open to taxes.

In New York, the state government collects the sales tax and remits a portion to local governments. For Internet purchases, a resident is charged a sales tax when the retailer has a physical presence in the state.

But when that is not the case, residents are supposed to pay an equivalent amount on their state income tax form, though many do not.

While New York is the first state to make a vocal argument as to the benefits of taxing internet purchases, it won't be too long until the rest of the country follows.

News From The IRS

New Electronic Filing Requirements Announced for Large Corporations

The Internal Revenue Service recently released regulations that require certain large corporations and tax-exempt organizations to electronically file their income tax or annual information returns beginning in 2006.

For tax year 2005 returns that are due in 2006, the new regulations require that corporations with total assets of \$50 million or more file their Forms 1120 and 1120S electronically.

In addition, tax-exempt organizations with total assets of \$100 million or more will be required to file their 2005 tax year Form 990 electronically.

Beginning in 2007, the electronic filing requirement will be expanded to include the 2006 tax year tax returns of corporations and tax-exempt organizations with \$10 million or more in total assets.

As well, private foundations and charitable trusts will be required to electronically file their Form 990-PF electronically regardless of their asset size.

The electronic filing requirements only apply to entities that file at least 250 returns, including income tax, excise tax, information and employment tax returns, during a calendar year.

By 2007, the IRS expects that more than 20,000 large corporate taxpayers and up to 10,000 tax-exempt entities will be covered by the electronic filing requirement.