



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

What is the deal with all this Tax reform talk?

The speculation and discussion of a possible tax reform and revise of the Social Security system has been widely publicized over at least the past few months and occasionally over the last few years.

Tax Tidbits

Some Useful Tax Ideas

Website Of The Week

www.fairtax.org

Can there be a Fair Tax?

Strange But True

More People Turning to Professionals for Tax Help

News From The IRS

Change in IRS Centers for Different Tax Returns

What is the deal with all this Tax reform talk?

Over the past few months, two issues have been widely discussed throughout the media and in the White House, tax reform and Social Security, now it appears that the are issues are starting to move beyond the speculation stage.

Recently the tax advisory panel met for the first time to discuss the proposal of an overhaul and simplification of the Federal tax code.

While no decisions are expected for some time, preliminary opinions are that the commission is considering a proposal to add a national sales tax or similar levy to the federal income-tax system

The two-tier tax plan was one of several different ideas that were proposed at the recent meeting, however the panel members stressed that it was far too early for any decisions to be made.

Any tax-law changes as drastic as those under the review, would affect every economic interest group in America, move millions of dollars within the economy and be the object of intense and highly vocal protests.

According to the tax-panel members, they will examine a broad range of options for reform, including removing the income tax and replacing it with a national sales tax or some other type of tax on consumption.

If this was the case, consumers would pay federal taxes when they bought something and when they filed their annual income-tax returns.

It is believed that a new federal sales tax would lead to lower income-tax rates because President Bush has previously insisted that the tax overhaul mustn't result in any net tax increase.

During the meeting, a number of tax experts were given the opportunity to express their opinions of the current and proposed tax system.

The panel was given three options; simplify the current system, move toward a consumption tax or seek a middle ground between the two possibilities.

The current system taxes income, but the proposed consumption tax would target only the money that consumers and businesses spend; income that's used for savings and investments wouldn't be taxed.

Several Commission members are believed to have expressed interest in proposals that would encourage more savings and investments, which economists believe is crucial for economic growth.

Still the outlook for tax overhaul is far from certain and any attempt at major change could lead to a free-for-all in Congress as lawmakers and lobbyists try to protect cherished tax breaks.

No matter what the outcome, you can be sure that we are going to be hearing about this for a long time to come.



Dates For The Diary

February 28

- File W-2's with Social Security Admin
- File 1099's with IRS
- File City of L.A. Business License/Tax Form

Tax News

No Pain, No Gain

American taxpayers stand to save billions of dollars from two major tax cuts passed in 2004, the fourth and fifth of President Bush's first term. But maximizing those savings won't come easily.

Taxpayers must wend through a torturous tax code, weigh one tax break against another, and project how their decisions could play out on tax returns years into the future.

The bottom line is that tax breaks often help only slivers of the taxpaying public. Many of the 2004 rewards, for example, are target at consumers, parents, investors, donors, small businesses, college students or military personnel.

To receive the savings, prepare yourself for the byproduct of the tailor-made tax cuts: increasing complexity. Headaches caused around the decision as to whether you do your own taxes or hire a specialist.

Contact

WebSite

www.taxlogic.com

Email

CustomerService@taxlogic.com

Phone

1-800-729-2271

Fax

1-800-760-6837

Mail

PO Box 78063
San Antonio
TX 78278 0637

Tax Tidbits

Some Useful Tax Ideas

- ◇ If uniforms and union dues are part of your employee business expenses, you can enter them on Line 20 of Schedule A. Of course, you can only claim those expenses if they add up to more than two percent of your adjusted gross income.
- ◇ If you have to pay foreign income tax, in general you'll get a credit on your U.S. return. You may be able to exclude up to \$80,000 if foreign-source earned income. Employers also can implement provisions to help avoid 'double taxation.' The qualification rules can be confusing, so it's best to consult with a tax professional.
- ◇ Uncle Sam always encourages meaningful employment and to prove it, you can deduct the cost of resumes, including production, printing and mailing costs. As well as contact calls, and even travel to your interviews for jobs in your field. Don't forget, you cannot deduct anything that you have been reimbursed for.

Website Of The Week

Can there be a Fair Tax?

<http://www.fairtax.com>

Do you often feel like you need to have a say about your taxes? Do you want to be involved in making a difference?

Then why not visit www.fairtax.org the Americans for Fair Taxation website.

The Americans for Fair Taxation organization was formed to give regular people a voice in regards to issues concerning Federal and State taxes.

For everything you need to know about the Fair Tax as well a literature to read up, arguments to analyze and the contact details for the headquarters in Texas, this website is the place to visit.

Having first been established as a research organization to find out what the American people wanted in a tax, the organization has grown to be a voice for the people.

The website of the week is definitely the place to be if you are interested to learn more about the Fair Tax.





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.

Strange But True

More People Turning to Professionals for Tax Help

It is becoming common knowledge that more and more Americans are turning to professional tax specialists to help handle the time consuming, often frustrating chore of filing your taxes.

The Internal Revenue Service reckons that for Form 1040 it would take the average person 6 hours and 17 minutes for actual preparation and an additional 7 hours and 18 minutes to assemble records, decipher the law and to copy, assemble and submit the return.

It's not wonder that over 55 percent of all personal returns were signed by a professional for the 2002 tax season.

The shift to hiring others for the job comes despite the rise of software programs to help people face the tax preparation jungle on their own.

Whether they use the help or not, people are switching to computers so rapidly that the IRS is expecting more that 50 percent of all individual returns to be filed electronically this year.

News From The IRS

Change in IRS Centers for Different Tax Returns

As people are beginning to prepare their tax returns, the Internal Revenue Service has noted that some may be sending their returns to different service centers than last year.

Those who received a tax instruction booklet from the IRS in the mail and use the labels included with the booklet can be assured that their tax returns will get the correct address.

Taxpayers who e-file are not affected by these changes, for tax year 2004, the mailing changes affect returns, with or without payments, from Connecticut and Virginia and for returns with payments from Arizona and Utah.

Returns from Connecticut with payments should be sent to the IRS in St Louis, Mo while returns from Connecticut without payments should send to the IRS center in Kansas City, Mo.

Taxpayers sending returns from Virginia without payments should send them to the IRS in Fresno, California while returns with payments from Arizona, Utah and Virginia should be sent to the IRS center in San Francisco.

For taxpayers who file paper returns, the correct center addresses are on the envelopes in the tax packages while taxpayers who do not receive a tax package should refer to the back cover of the Form 1040, 1040-A or 1040EZ instructions.

Taxpayers who e-file will not be affected by these changes, almost half of all individuals chose to e-file their federal tax returns in 2004.