



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

Donating Cars to Charities Just Got Easier

Following a U.S Treasury Department decision, donating cars to charities is going to get a little easier which people being able to deduct the fair-market value of a car for their income taxes...

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Donating Cars to Charities Just Got Easier

Following a U.S Treasury Department decision, donating cars to charities is going to get a little easier which people being able to deduct the fair-market value of a car for their income taxes.

Earlier this month, the Treasury Department and the Internal Revenue Service released new guidelines on charitable deductions for donated cars and trucks.

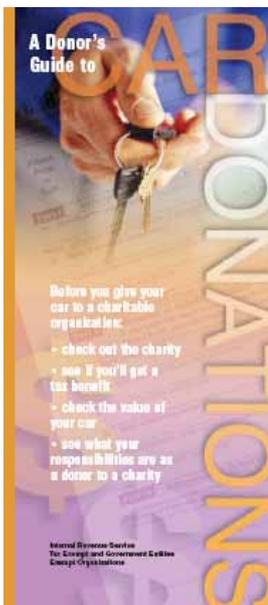
As part of the American Jobs Creation Act, which came into effect Jan 1, donors are eligible to claim tax deductions for the fair-market value of a vehicle given to a charity.

Previously the legislation required that prospective donors could deduct only the amount of the actual sale price of a vehicle going to charity.

Charities have welcomed the new legislation as they believe it will encourage more people to consider donating vehicles.

People who choose to give a vehicle to charity can get an income-tax deduction for the vehicle's fair-market value, which has been defined as what a willing buyer would pay for the car with full knowledge of the car's condition.

To determine the fair market value there are many factors that need to be taken into consideration, because of this, most used car buyer's guides include helpful information on just what needs to be addressed when considering the fair market value.

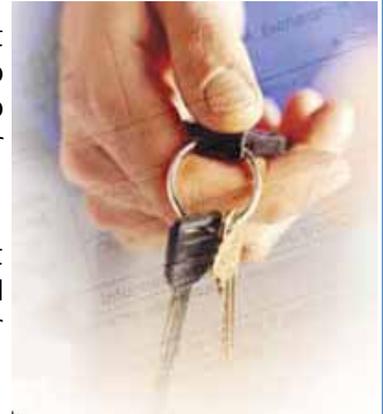


The Blue Book Guides for used-car prices are usually used to help determine the value of a vehicle.

The IRS allows you to deduct the full fair-market value of your donation up to \$500, or you can deduct the charity's selling price, whichever is of greater value.

Donated vehicles worth more than \$5,000 do need an independent appraisal and tax payers who claim an income tax deduction for a donated car need to get a receipt from the charity.

For more information on vehicle donations visit the IRS website, www.irs.gov or contact your local IRS officials.





Dates For The Diary

June 15

- ◇ **Individuals.** Make a payment of your 2005 estimated tax if you are not paying your income tax for the year through withholding (or will not pay in enough tax that way). Use Form 1040-ES. This is the second installment date for estimated tax in 2005.
- ◇ **Corporations.** Deposit the second installment of estimated income tax for 2005. A worksheet, Form 1120-W, is available to help you estimate your tax for the year.
- ◇ **Social security, Medicare, and withheld income tax.** If the monthly deposit rule applies, deposit the tax for payments in May.
- ◇ **Nonpayroll withholding.** If the monthly deposit rule applies, deposit the tax for payments in May.

Tax News

Debt Cut Set For Poorest Nations

The world's wealthiest nations recently agreed to cancel more than \$40 billion in debt that some of the world's poorest nations owe to international lenders.

The move was inspired by the belief that full debt forgiveness is necessary to give those countries a chance to escape the devastating trap of famine, disease and economic turmoil.

The agreement occurred at a meeting in London of finance meetings from the Group of Eight major industrial nations.

This agreement is the most significant debt-relief measure for poor countries because it cancels the debts owed to the World Bank, International Monetary Fund and others.

Most of the 18 poor countries involved, are in Africa while four others are all in Latin America.

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Tax Tidbits

- ◇ If you run your own day care center, you cannot claim a child-care credit for your own child. You can only claim day care expenses when you pay someone else.
- ◇ A qualified personal residence trust (QPRT) allows you to transfer ownership of your home to your children or other relatives while you retain the right to live in the home for a specified period. For more information, contact your financial planner.
- ◇ Did you know that you can deduct as a medical expense amounts you pay for alcohol or drug treatment programs? You can also deduct the cost of treatments to help quit smoking. However, you cannot deduct weight-loss program costs, unless they have been recommended by a doctor as treatment for a specific condition.

News From The IRS



Internal Revenue Service IRS.gov

DEPARTMENT OF THE TREASURY

No Change in Interest Rates for Third Quarter of 2005

The Internal Revenue Service recently announced that there will be no change in the interest rates for the calendar quarter beginning July 1, 2005.

The interest rates being:

- ◇ Six percent for overpayments (five percent in the case of a corporation)
- ◇ Six percent for underpayments
- ◇ Eight percent for larger corporate underpayments
- ◇ Three and a half percent for the portion of a corporate overpayment exceeding \$10,000.

Under the Internal Revenue Code, the rate of interest is determined on a quarterly basis.

For taxpayers other than corporations, the overpayment and underpayment rate is the federal short-term rate plus 3 percentage points.

The interest rates announced recently were computed from the federal short-term rate based on daily compounding determined during April 2005.



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

Ireland has Third-Lowest Company Tax

According to a recent Forbes magazine survey, Ireland has the third-lowest corporation tax in the world with Cyprus and the United Arab Emirates (UAE) just ahead.

The UAE topped the list with zero per cent corporation tax, followed by Cyprus at ten per cent with Ireland at 12.5 per cent.

Japan had the highest rate of corporation tax, at 39.5 per cent with The United States just behind with 38 percent.

Of the 52 countries surveyed, only nine have a wealth tax, Spain has the highest, at 2.5 per cent, followed by France, at 1.8 per cent and Sweden, at 1.5 per cent.

While Ireland does not have a wealth tax, it does have one of the highest Vat rates in the world.

More Tax News...

Arrest Warrant Withdrawn Against Burress

A district judge in Pennsylvania has withdrawn an arrest warrant issued for former Pittsburgh Steelers receiver Plaxico Burress, after officials conceded that he never owed \$90,000 in back local wage taxes.

District Judge Mary Murray of Moon Township, where Burress lived part-time while he played for the Steelers from 2000 until 2003, issued an arrest warrant for Burress after he failed to appear at a delinquent tax claim hearing.

According to Burress' lawyer, he did not receive the hearing until late as he had moved states after signing on to play with the Giants in March.

Plaxico Burress was a legal resident of Florida while he played with the Steelers, despite keeping a residence in Moon Township, therefore is not believed to owe the wage tax to Moon Township.

The arrest warrant indicated Burress owed taxes for the years 1998 through to 2002, even though he never lived in Pennsylvania and wasn't drafted from Michigan State until 2000.

Officials have not explained why they believed Burress owed the taxes but the arrest warrant was withdrawn only a day after being issued.