TAXLOGIC

February 25, 2004 **Vol. 3, No. 5**

PRIOR YEAR RETURNS? Still need a 2002, 2001, 2000, 1999, 1998... prior year return prepared? It's never too late to file and we can prepare them for you. We are one of the only sites that still do prior year tax returns.

If you haven't used TaxLogic before, you'll find that we are quick, thorough and efficient. We are not an impersonal software package and even though the tax preparation process is online, there is always direct contact with your tax preparer. We provide a professional, prompt, personal, one-on-one tax preparation from the comfort of your home. We are competitively priced and offer a lot of additional information on our web site - http://www.taxlogic.com

Back to the series on Helpful Tax Tips, they can help you with this years tax return preparation if you still haven't filed, but can also help you in tax planning for future years. Not all these tips will be applicable to your personal situation but feel free to ask questions if some of these items apply to your individual circumstance.

1) Series EE Savings Bonds: If you own bonds issued after 1989, the interest is tax exempt if the money is used for qualified education expense of a taxpayer, spouse or dependent. This is a little known tax loophole.

2) Rent out your principal residence or second home: If you rent your principal residence or second home for 14 days or less, the income is tax-free and is not included on your tax return.

3) Diet and Exercise Program: A medically required diet and exercise program is deductible. However, it must be prescribed by a doctor to alleviate a specific medical problem.

4) Real Estate Professionals Not Limited to $25,000 Rental Loss Limitation: If you spend more than 750 hours per year in regular, continuous and substantial real estate activity and it constitutes more than half of your personal service work for the year, you are not subject to the passive activity loss limitation of $25,000.

5) Deduct the Costs of Your Hobby: Take a business-like approach to your hobby and convert it into a business. Early-year losses will be deductible.

6) Inherited Property: The holding period for inherited property is always considered to be long-term regardless of the actual holding period. Thus all sales of inherited capital gain property are taxed at the applicable maximum long-term capital gain tax rate.

If we don't hit upon a topic you are interested in, please visit our website (http://www.taxlogic.com) and check out our frequently asked questions or email us at info@taxlogic.com.