

LINDA'S ACCOUNTING SERVICE  
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# # LINDA'S # ACCOUNTING SERVICE *You Can Count On Us!*

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Number 2

## Summertime-Summertime-Summertime

*It's here! Officially summertime. Although it has felt like summer for the past few weeks. What ever happened to those lazy, crazy days of summer, it seems as though April 17th, the last official day of tax season was just here and now it's the end of July. For some of you, we may be still working on your return. Our goal is to get all those returns completed prior to Linda going to New York City for the IRS Forum to get the education required each year. She leaves for New York on August 26th and will be out of the office until September 10th. The extension deadlines are August 15th for non-profits, September 15th for corporations and October 15th for partnerships and individuals' tax returns. If you need to get information to us, please be aware of these deadlines. If it seems like we are not getting to you as quickly as you would like, we understand this and we are working hard, just not 80 hours a week like during the tax filing season. Each of you will hear from us soon as we work our way through the extensions, amended returns, and never filed returns and audits that are being conducted by the IRS or the Minnesota Department of Revenue. Thank you for being so patient with us. You are, each and every one of you, the best clients in the world. Don't hesitate to call us—our office is generally open five days a week even in the lazy, crazy, days of summer.*

*Linda, Christine and Peggy*

## Education




A very important part of what we do here at Linda's Accounting Service. Summertime is the time we focus on our education. Linda will attend the IRS Forum in New York City this year followed by a vacation to see her son Joe, installed as the Director of Christian Education in Cheshire, Connecticut. Christine has attended a conference on payroll. She is our expert on payroll and the uniqueness of reporting payroll, taxes and staying compliant with all the laws regarding payroll issues. Peggy will attend conferences reviewing the 1040 tax forms and 1040 extra to learn more in regard to individuals and the tax codes. All three of us will attend a fall conference in St. Cloud sponsored by the Minnesota Society of Enrolled Agents and the Tax

Update in January of 2008 at the University of Minnesota. A big percentage of our revenue goes back to our continuing education so that we can do the very best for you.

**Linda has been elected** to the Board of Directors for the Minnesota Society of Enrolled Agents. This society supports its members with education and opportunities to network with a variety of tax professionals from all over Minnesota. Several of the members have become close friends and are very valuable to us. #

**Minimum Wage Rises** Beginning July 24, 2007 the Federal minimum wage goes up to \$5.85 per hour. On July 24, 2008 it will become \$6.55 per hour, and on July 24, 2009 it will become \$7.25 per hour. #

## Why Would You Want to Contact Us After April 15?



**B**ecause you want to stay financially healthy, if any of the following apply to you please give us call so we can set up a time prior to the next tax filing deadline to visit with you – it could save you tax dollars.

### **If you got married, divorced, or remarried during 2007.**

If you're going through a divorce talking to us is extremely important. This does affect your taxes in regard to spousal maintenance, dependency exemptions, child care costs, division of property these are a few of the items that help us help you when a divorce takes place.

**Family size changed?** New baby, adopting a child, raising a child that has been placed in your home or has a child left home after graduating from college?

**Change of Address? – Moved?** We can help with the tax consequence of buying or selling property.

**Career Change** Income changes as well as possible other deductions with a career change.

**Property Transactions** Buying or selling real estate as an investment, buying or selling stocks, stock options, other assets. The time to see us is before selling or buying the cabin, condo or timeshare not after.

Are you having financial trouble? Are you thinking of foreclosing on your property or filing bankruptcy?

**Gifting Property** If you give property or cash to someone, we may need to think about a gift tax return.


**Death** Did a love one pass in your family? Are you responsible to clean up that persons' affairs? Are you going to gain an inheritance from a loved one?

**Are you thinking about starting a business?** Lots of issues here. We need to see you.

**Are you thinking of retiring?** Your income will change. How much money do you need, what are the tax consequence of taking distributions from your retirement income? What happens when you take social security distributions? What if you retire but your spouse is still working?

These are a few good reasons to come see us now when we are not as busy, and we can take more time with you to help you tax plan for these major events in your life. We look forward to hearing from you. #

## Tax Deduction Needed



A little boy wanted \$100 very badly. He prayed for two weeks, but nothing happened. Then he decided to write GOD a letter requesting the \$100. When the postal authorities received his letter to "God, USA," they decided to send it on to the President. The President was so touched and amused that he instructed his secretary to send the little boy a \$5.00 bill. (*The President thought this would appear to be a lot of money to a little boy.*)

The little boy was delighted with the \$5.00 and sat down to write a thank-you note to God, which read: "Dear God: Thank you so very much for sending me the money. However, I noticed that for some reason you had to send it through Washington and, as usual, those guys deducted \$95.00."

(A big thank you to **Patrick Rucci** of **Auto Transport** for sharing this story with us, Patrick is one of our business clients who has a towing service). If anyone else has jokes or stories that are tax related and they would like to share them with us please email them to [linda@lindasaccounting.com](mailto:linda@lindasaccounting.com). Who knows you may get mentioned in our next newsletter.

*Referrals are the best compliment you can give us, we thank you in advance for all the referrals you pass our way.*

## For Our Business Clients

**N**ow is the time to think about what type of equipment you need or should buy before 2007 year comes to a close. Don't wait until December to make these decisions. Section 179 is increased from the current \$112,000 to \$125,000. The phase-out starts at \$500,000. This higher expensing now runs through 2011 (instead of the old 2010). The amount will be indexed as it has the past few years. The right to amend a return to elect or revoke a Section 179 deduction is also extended through 2011.

## Tax Savings for a Good Cause

**A**nother IRA provision that started in 2006 and is due to phase out at the end of 2007 is the ability to divert your IRA distribution as income to you and give it directly to your favorite charity. You can only do this if you are 70½ and you can only contribute up to \$100,000. These withdrawals could certainly benefit your charity as well as giving you more of a tax savings when you do not have to claim it as income and later take it as a Schedule "A" charitable deduction. Here's an example of how this can work for you. You have some accumulated wealth in your traditional IRA you know how much you need to support your lifestyle and there is more than enough. You also have a favorite charity that could benefit from a gift of up to \$100,000, and you are 71 years old. With the benefit of this provision for tax year 2007 you could transfer up to \$100,000 to your church or charity on or before December 31, 2007. This distribution will not be income to you and will count toward your minimum distribution for the year, as long as the portion of the gift given was funded with after-tax dollars when originally contributed to the IRA. The transfer must be made through a third party meaning your financial institution must make the check payable to your charity. It cannot be made payable to you. If you think you may be interested in making this type of contribution call our office or your financial investment person for more details. #



## Take the first IRA rollover step

**B**eginning in 2010, more clients will be able to convert or "roll over" a traditional IRA into a Roth IRA. Currently, this privilege is restricted to taxpayers with an annual AGI of no more than \$100,000. Of course, the taxpayer is still taxed on the transferred funds. But, if a client converts in 2010, he or she can spread out the tax bite over the following two years (2011 and 2012). Qualified Roth IRA distributions are 100-percent federal income tax-free. Plus, participants aren't required to begin withdrawing amounts after age 70½. #



**L**inda's Accounting Service is looking for a qualified person to be our administrative assistant, this person would be responsible for all incoming calls, sending out correspondence in regard to marketing and tax appointments.

Keeping the appointment calendar for the preparers during the tax filing season and electronically filing all returns, other tasks would include making bank deposits, preparing monthly billing statements, and paying monthly bills. Candidate must enjoy working with people and numbers. Position will be full-time during the tax filing season and could drop to three quarter or half time in the off season. If interested please call Linda at 651-774-2107. #