

Kruger & Clary

CERTIFIED PUBLIC ACCOUNTANTS, P. C.



Newsletter

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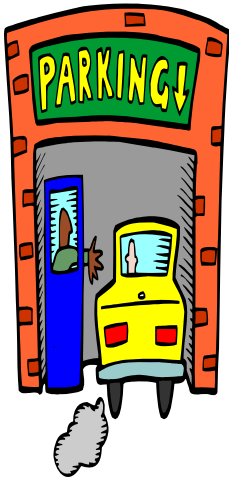
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FALL NEWS



Parking!

We are asking our clients to either park in the drive-way in the front of the office or the drive-way in the back by the garage behind our office, which is accessible from the alley. The building next door belongs to CSU and you have to have a permit in order to park in their parking lot.



Don't forget to check out our website at

www.krugercpas.com for information, tax forms, IRS refund status, and much more!

Please make sure and let us know if you have referred someone to our office. We like to recognize those who have given us referrals that help our business grow!

"Worried about an IRS audit? Avoid what's called a red flag. That's something the IRS always looks for. For example, say you have some money left in your bank account after paying taxes. That's a red flag."-- Jay Leno

Fall is a great time to meet with us to get your personal or business 2007 taxes in order.

We highly encourage businesses to contact us so we can review your information before tax season starts.



CLASSIFIED AD:

Our firm is currently looking to add an administrative assistant to our team to help us during our busy tax season. The position is full-time from January – April, and the potential to be part-time during the rest of the year. Job duties would include tax return assembly and filing, greeting clients, answering the telephone, scheduling appointments and other clerical duties. Our company has a friendly work environment where your opinion is valued. Fax resume and salary requirements to 472-4061 or email at info@krugercpas.com. Please no phone calls or walk-ins.

Got Taxes?

AMT-Alternative Minimum Tax

Alternative Minimum Tax originally was a tax issue for the rich, however it is going to hit many middle-income taxpayers. AMT can significantly impact taxpayers unless Congress changes the law that is set to appear in 2007. Now is a good time to come in and have us do some tax planning with you to see if you will be affected!



Help Offset Education Costs with Tax Credits and Deductions

It is Back-to-School time and maybe a tax break too. Whether you are paying for college tuition, or a teacher buying supplies for the classroom, education credits and deductions may lower your tax bill.

- Hope Credit: Up to \$1,650 tax credit per student per year, available for the first two years of college or vocational school (must be enrolled at least half-time).
- Lifetime Learning Credit: Up to 20% of tuition paid, not to exceed \$2,000 tax credit per return (undergraduate, graduate, and professional degree courses). There is not a limit to the number of years you can take this credit.
- Student Loan Interest: Up to \$2,500 may be deducted from your income tax return per year (certain income limitations apply).
- Educator Expenses: A teacher may be able to deduct up to \$250 for supplies purchased for the classroom. If you and your spouse are both eligible educators, you may be able to take up to \$500.



Tax Planning

If we said to take a trip to Vegas today, and you will come back with an extra \$2,000 in your pocket would you go? Of course you would. Well, tax planning could have the same result. Tax planning can help focus on the amount of money you are going to save in the future.

The best way to go about tax planning is to have a proactive tax professional. We at Kruger & Clary WANT our clients to contact us for some tax planning. Now is a great time to come in before you have to file for 2007 taxes. Call us today to set up an appointment.

EMAIL SCAMS! BE CAREFUL!

The IRS has been warning taxpayers of tax scams via email. If you receive an email that looks like it is from the IRS, DELETE, DELETE, DELETE! The IRS NEVER contacts taxpayers via email. NEVER! NEVER! NEVER!

Please, be very careful about the mail that you open, just because it looks like the real deal, does not mean it is.

If you are ever in doubt, call your tax preparer or the IRS directly.

Keeping Good Tax Records

Organized records not only help you prepare your tax return but they also help you answer questions if your return is selected for examination (new word for audit).

The rule of thumb is to keep your personal records for three years (we suggest five to seven years) from the date you filed the return. However, some records you should keep indefinitely such as property records (you may need to prove the amount of gain or loss if the property is sold).

***PEOPLE WHO COMPLAIN ABOUT TAXES CAN BE DIVIDED
INTO TWO CLASSES:
MEN AND WOMEN***



BUSINESS PAGE

Employees' and Record Keeping

If you have employees' you have entered into another realm of tax reporting and record keeping. It is so important to maintain good records of your payroll not only for yourself but also for your employees. Here are some of the records you will need to keep. (*We suggest that you keep your business records for at least seven years.*)

W-4: Ask ALL of your employees' to fill out a W-4 form, sign it and return it to you. A W-4 shows their filing status, withholding allowances and social security number. If an employee fails to return the W-4 to you, withhold income tax as if he or she were single and with no withholding allowances.

W-3: A W-3 is filed with the Social Security Administration and it includes a copy of every W-2 that was given to your employees' for that year. This is an annual report.

W-2: This is an annual document you give to your employees showing what they have earned for the year and also what they paid in taxes. This form should be given to your employees no later than January 31st of the following year.

940: The 940 form is an Employer's Annual Federal Unemployment Tax Return (FUTA).

941: The 941 form is your quarterly report of wages paid (including tip income), income tax withheld, social security and Medicare taxes. Some companies may have to only file an annual report called a 944 instead of a 941 if certain requirements are met.

UITR: This is filed with the Colorado Department of Unemployment and is an Unemployment Insurance Tax Report.

DR 1094: This is the Colorado Income Tax Withholding form.

DR 1093: This is a transmittal of state W-2's and 1099's.

Most of these payroll forms can be electronically filed. There may be different reports for other states.

Confused? Maybe you should think of outsourcing your payroll duties. Most employers outsource payroll and related tax duties. By doing this, you can streamline your business and meet the deadlines and deposit requirements. Even if a third-party is making the deposits and filing the quarterly or annual reports, the employer is the responsible party. However, we strongly suggest that if you do not have much experience running payroll to outsource your payroll to a reliable, trust-worthy payroll company. Call us, we can recommend someone for your company.

Small Business Help from the IRS

The IRS offers several types of assistance to small business owners.

1. *The Virtual Small Business Tax Workshop DVD*-The DVD is designed to help new and existing small business owners understand and meet their federal tax obligations. The workshop has ten lessons in an interactive format that allows you to customize your lessons.
2. *Small Business Resource Guide CD*-This CD contains important information including business tax forms, instructions, and publications. The CD contains startup information needed to plan and finance a new business.

**To order the DVD or CD, please order online at
www.irs.gov/smallbiz.**

FREE!

Did you know that you can get something FREE from the IRS?

They are offering a business tax calendar which includes important tax due dates and many helpful articles and tidbits. Go to their website at www.irs.gov/smallbiz to request your FREE calendar! It is available in English and Spanish (Publication 1518SP).

BUSINESS PAGE (CONTINUED)

Business Records

Keeping an organized file of your business records is just as important as running your business.

So what is the best way to keep good, organized records? Use any kind of record keeping system that you want as long as you can easily find documents or records to show your business income or expenses. Your tax records must support your business income, tax deductions and credits.

- Make sure and separate your business from personal records and keep track of how much you personally contribute to your business so that it is not counted as income.
- Record your expenses when you pay or incur them. It is too easy to misplace a receipt or forget to take a business expense deduction, which will only cost you.
- Keep a complete and detailed record of your business assets. A good record would include the date you purchased the item, the amount, how you acquired the asset, and how you are using the asset in your business.
- Keep a good record of your vehicle expenses. If you are using the standard mileage, it is important to get into the habit of recording your business mileage when you are actually using the vehicle. If you are taking actual vehicle expenses, make sure and keep all of your receipts and mileage.



Providing for Your Retirement and Your Employee's Retirement

There are many types of retirement plans out there that may offer significant tax benefits.

- **Traditional IRA.** You can set up this IRA if you are under age 70 1/2. For 2007 you can contribute up to \$4,000 (\$5,000 if you are 50 and older). It may be deductible in full or in part, depending on your circumstances.
- **Roth IRA.** Regardless of your age, you may be able to set up a Roth IRA. In 2007, you can generally contribute up to \$4,000 (\$5,000 if you are 50 or older) a year depending on your income. The contributions you make are not deductible, but if certain requirements and income limitations are met, earnings maybe tax-free.
- **Qualified Plan.** For qualified plans, the total employer contributions for 2007 can be as much as 100 percent (up to \$45,000) of the individual employee's compensation.
- **Simplified Employee Pension (SEP).** The employer's contributions (up to 25 percent of the employee's compensation or \$45,000 whichever is less) are made directly to IRA's that the employer sets up for the employees.
- **Savings Incentive Match Plan for Employees (SIMPLE).** If you have 100 or fewer employees, you can set up a SIMPLE plan (along with several other requirements). A SIMPLE plan is an arrangement under which an employer makes contributions to the employee's SIMPLE account.

Please call our office to discuss your options!

How to Survive Paying Your Taxes

One problem many business owners have is not budgeting enough money to pay for their taxes. Even if you cannot pay, **FILE YOUR TAX RETURNS ON TIME!**

Even if you can't pay a single cent towards your tax bill, **FILE YOUR TAX RETURNS ON TIME!** Of course, to keep the penalties and interest down, try to pay as much as you can. You can attach an Installment Agreement Request (Form 9465) with your return or send it in when you receive a bill from the IRS. The Installment Agreement lets you propose a monthly payment date and amount (you can file it on-line at www.irs.gov).

If the next deadline rolls around and you still can not pay, **FILE YOUR TAX RETURNS ON TIME!** By filing your returns on time, you can avoid the failure-to-file penalty. The failure-to-pay penalty may be reduced from .5% to .25% per month during the period in which an individual installment agreement is in effect. However, you must have **FILED YOUR TAX RETURNS ON TIME!**