

## THE ADVISOR

515 S. Howes Street · Fort Collins, CO 80521 · 970-482-6947 · www.krugercpas.com

### Tax Time Tips

Our firm would like to thank you for your continued business, and we look forward to assisting you with all of your tax needs again this year. If you would like to discuss your 2009 tax information, please call (970) 482-6947, and we will gladly schedule an appointment. We have included a questionnaire or organizer that is required to be filled out and brought in with your tax information.

At the time you bring in your tax information, you will be asked if you are interested in our Audit Protection Services. The cost is 10% of your tax preparation fee. Your decision will be required before the return is finalized. The protection will last for three years from the date your return has been submitted. You must sign the agreement at the time of filing your



return. The Audit Protection Service is not available after that date.

Within one week of receiving your tax information, one of our highly qualified staff accountants will contact you with questions or to request any missing information. The return is then passed on to a tax manager to review for accuracy and to ensure we are optimizing your tax situation.

When your taxes are completed, you will be contacted by our administrative

staff. You can pick up your tax return during our office hours (Monday-Friday, 8-5). If you would like someone to go over your return, please let us know, and we can schedule a brief appointment.

Please note that our tax preparation fees do not include tax planning for the future. We are happy to provide this service, but a separate appointment will be needed. **Kruger & Clary's policy for tax preparation and audit protection fees is that payment will be collected before your return is e-filed or released to any government agency. For your convenience, we accept MasterCard and Visa.**

**We can provide electronic versions of your tax returns and documents on a CD for \$50. The CD can be updated each year at no additional charge.**

All information in this newsletter is for illustration purposes only.

**THE GREATEST COMPLIMENT TO KRUGER & CLARY IS A REFERRAL FROM YOU. PLEASE LET US KNOW OF ANY POTENTIAL CLIENTS THAT NEED OUR ASSISTANCE.**

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#### Meet the Staff

We are pleased to introduce Chis Mosteika who joined our firm this fall to assist us in our upcoming tax season. She recently moved to Fort Collins from New Hampshire. She has a wide variety of work experience ranging



from marketing to administrative assistant. As a client, you will be seeing her at the front desk, and hearing her voice on the telephone. She is here to assist you in any way she can. Please help us welcome her to our practice.

In order to avoid an extension, we want to remind you of deadlines to get your tax information into us. For Corporations, we need your information by February 26th. Individual, Trust, and Partnership data needs to be provided to us by March 31st.

## 2010 Mileage Rates

- 50 cents for business
- 16.5 cents for medical or moving
- 14 cents for charitable volunteer mileage



## *Kruger & Clary's Mission When Working With Businesses*

We help entrepreneurs track and measure their performance in a way that empowers them to make better decisions and grow their business faster. We unlock the potential of businesses by bringing their finances to life.

## TEN STEPS TO HIRING YOUR FIRST EMPLOYEE

### Guide for New Employers

The good news is that business is booming. The bad news is there's only one of you. It's time to hire some help. Understanding the regulatory requirements as an employer is crucial to the success of your business. This guide lists ten easy steps for new employers to follow to ensure compliance with key federal and state regulations.

#### Step 1: Obtain an Employer Identification Number (EIN)

Before hiring employees, you need to get an employment identification number (EIN) form from the U.S. Internal Revenue Service.

#### Step 2: Set up Records for Withholding Taxes

The IRS states that you must keep records of employment taxes for at least four years. Every employee must fill out a Form W-4 which is a withholding certificate on or before the date of employment.

#### Step 3: Employee Eligibility Verification (Form I-9)

Federal law requires employers to verify an employee's eligibility to work in the United States. Within three days of hire, employers must complete an Employment Eligibility Verification Form or an I-9 form. An employer is required to keep an I-9 form on file for 3 years after the date of hire or 1 year after the date the employee's

employment is terminated, whichever is later. The U.S. Immigration and Customs Enforcement (ICE) agency conducts routine workplace audits to ensure that employers are properly completing and retaining I-9 forms.



#### Step 4: Register with Your States New Hire Reporting Program

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires all employers to report newly hired and re-hired employees to a state directory within 20 days of their hire or rehire date. You will need to fax in the W-4 to Colorado at (303) 297-2595.

#### Step 5: Obtain Workers' Compensation Insurance

Businesses with employees are required to

carry Workers' Compensation Insurance coverage through a commercial carrier.

#### Step 6: Unemployment Insurance Tax Registration

Businesses with employees are required to pay unemployment insurance taxes.

#### Step 7: Post Required Notices

Employers are required by state and federal laws to prominently display certain posters in the workplace that inform employees of their rights and employer responsibilities under labor laws.

#### Step 8: File Your Taxes

If you are a new employer, there are new federal and state tax filing requirements that apply to you. Generally, each quarter, employers who pay wages need to file tax returns to record these wages and taxes withheld.

#### Step 9: Get Organized and Keep Yourself Informed

Being a good employer doesn't stop with meeting your various tax and reporting obligations. Maintaining a healthy and fair workplace, providing benefits, and keeping employees informed about your company's policies are key to your business' success.

#### Step 10: Call us to help you with your payroll needs. We can set you on the right track.

### Important Information for QuickBooks Users....

It is important for business owners who use QuickBooks to upgrade the software every three years. QuickBooks discontinues technical support to older versions, and newer versions from 2009 and later offer more benefits. For example, you can e-mail an Accountant's Review Copy directly to us through the Intuit website.

Don't forget that we have QuickBooks Pro Advisors on staff that are able to call QuickBooks directly if you are having specific problems. The technical support we receive is a higher quality than the one QuickBooks provides to the general public.

Remember, when bringing in your business accounting records, we prefer an accountant's review copy.

**All QuickBooks 2009 users** will need to make sure you have the latest release. It is critical that you ensure you have the release, R9 or later. To verify open your QuickBooks file and click "F2". If you do not see R9 or later, you must download the current release.

Go to <http://support.quickbooks.intuit.com/support/productupdates.aspx> and select "Manual Updates." Download the update file to your computer. Call us with any questions.

## Three Key Decision Factors for IRA Conversions

It's an overall belief that most investors should consider including a Roth IRA as part of their overall retirement savings plan. If you have already started saving in another retirement account, converting to a Roth IRA may help you minimize taxes and maximize your retirement savings. The decision to convert should be made with thoughtful consideration and a consultation with Kruger & Clary before you make a final decision.

Consider these three key factors to help you make your decision:

- **Taxes** - If you anticipate a higher tax rate in retirement or plan to leave your savings to your heirs, you may want to consider a Roth conversion. You may pay lower taxes now with a conversion than if

you wait to pay taxes in retirement.

- **Time** - Generally, if you have 10 years or more before you begin to take withdrawals, a conversion is likely to benefit you. Some investors with a shorter time horizon may also benefit based on other considerations.
- **Cost** - Can you cover the cost of the taxes you'll need to pay with cash or other non-retirement savings? If not, it might not be advantageous to convert.

### The rules are changing in January 2010

Before January, single investors and married investors filing jointly with

modified adjusted gross incomes greater than or equal to \$100,000 (as well as married investors filing separately) were ineligible for a Roth conversion. In 2010, the conversion income limit will be removed. Every investor will be able to convert to a Roth IRA (the annual contribution income restrictions will still apply).

Investors who convert in 2010 have the option to spread their tax liability by including half of the conversion in their 2011 tax return and half in their 2012 tax return. In subsequent years, they will have to pay all taxes the year they convert.

## HOMEBUYER TAX CREDIT—Not Just for First - Time Home Buyers Anymore

New legislation has extended and expanded the first-time homebuyer credit allowed by previous Acts. Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy a principal residence on or before April 30, 2010 and close on the home by June 30, 2010.



For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

Long-time homeowners who buy a replacement principal residence may also claim a homebuyer credit of up to \$6,500 (up to \$3,250 for married individual filing separately). They must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased.

People with higher incomes can now qualify for the credit. The new law raises the income limits for homes purchased after November 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers.

Several new restrictions apply to homes purchased after November 6, 2009. Purchases must attach a settlement statement to their return. There are no credits available if the purchase price exceeds \$800,000, and a dependent is not eligible for the credit.

First-time homebuyers who purchased a home after December 31, 2008 and before December 1, 2009 can continue to claim a first-time homebuyer credit. The credit is 10% of the home's purchase price, up to \$8,000 (\$4,000 for married filing separately). The credit also does not have to be repaid provided the home remains their main home for 36 months after the purchase date.

## CHARITABLE CONTRIBUTIONS

Generally, individuals donate clothing and household items. The items must be in good condition or better to be deductible. For non-cash charitable contributions, you need a receipt that includes a description of what was donated, the fair market value amount and date of contribution. We do not have to see those receipts, but they should be kept with your tax records. We will need the description, the fair market value and the date of contribution for your non-cash contributions.

To deduct any charitable donation of money, regardless of the amount, the taxpayer must have a bank record or a written communication from the charity showing the name of the charity, the date and amount of the contribution. Bank records include canceled checks, bank statements, and credit card statements. For cash contributions greater than \$250 to one organization, you must obtain an acknowledgment from the charity.

Contributions are deductible in the year made regardless of whether you charged the donation on a credit card and paid the credit card in the following year. Only donations to qualified organizations are tax-deductible. For **Federal returns**, only individual taxpayers who itemize can deduct their donations. For taxpayers who do not itemize, a deduction can be claimed on the **Colorado** return for charitable amounts in excess of \$500.



**PARKING:**  
Please park in the driveway in front of the office, or in any of the spaces in front of our garage west of our office, which is accessible from the alley.

## COMMUNITY INVOLVEMENT

Dancing With The Fort Collins Stars fundraiser benefiting the Canyon Concert Ballet 501(c)3 is fast approaching . This organization is a terrific arts organization that puts on performances within our local community and has a dance academy that trains dancers. Melissa is participating in Dancing with the Stars of Fort Collins and is asking for your help. Melissa currently has set a goal of raising \$3,000 and really needs your votes to help her meet that goal. Votes are \$1 and there is no minimum or maximum. You will receive a letter of acknowledgement for your donation for tax purposes. If you can help, please vote online with a credit card at [http://www.ccballet.org/support\\_eventpayment.html](http://www.ccballet.org/support_eventpayment.html) or mail a check to 1031 Conifer Street, Fort Collins, CO, 80524 and make sure to write in the memo "DWTS Votes Clary".

The event is February 12th at the Lincoln Center at 7pm. The cost to attend is \$50 per person and includes two alcoholic beverages and heavy hors d'ouvres. Tickets can be purchased through the Lincoln Center at (970) 221-6730 or feel free to contact us for more information.. The Dancing with the Stars of Fort Collins is starring our very own Melissa Clary, Tracey Blecke, Dani Grant, Doug Dohn, Wes Kenney, Tracy Ryk, Steve Sweeting, Dr. Brian Thompson, Rob Timme, and Dr. Ann Yanagi.

**Let's support Melissa by voting for her.....**

### Kruger & Clary Making a Difference

Kruger & Clary strives to have a positive influence in the community and make a difference in people's lives. Once again this year, our company volunteered for Make a Difference Day through United Way. This is a national event where volunteers help various non-profit organizations in their community. Melissa and Kathryn helped out on October 20th at Harvest Farm for their fall festivities. Our assignment was to clean the chicken coop. Who says that accountants can't do the dirty work!



### Items that Qualify for Energy Tax Credits for 2009

The residential energy property credit will be available for property placed in service in 2009 and 2010. The credit is up to 30% of your costs with a \$5,000 limit (\$1,500 tax credit) for non-solar improvements. Please note that the maximum available credit is \$1,500 for 2009 and 2010 combined.

The credit is available for items such as high-efficiency heating and cooling systems, water heaters, windows, doors, roofs, and insulation. Please ensure you have the manufacturer's certification.

If your improvement qualifies, let us know the total cost so we can include the credit on your tax return.



### WHY USE KRUGER & CLARY, CPAS.....

\*We are dedicated to helping you make the best of your tax situation by making suggestions and providing options.

\*We will work hard so you avoid potential problems with the IRS.

\*We spend over \$15,000 a year on the most updated tax software to ensure quality and accuracy.

\*Our goal is to keep you informed of new tax laws that could potentially impact you.

\*We look at the previous year return for a comparison.

\*We have over 79 years of combined tax experience among our staff.

\*As tax preparers, we are dedicated to staying current with the ever changing tax laws .

\*We have completed over 150 hours of continuing education in 2009.

\*We are staffed year-round with a knowledgeable team .

\*We are responsive and will get back to you in a reasonable time with answers.

\*We take pride in our work and know you are expecting the most accurate tax return!