



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

Even The President Pays Taxes

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Even The President Pays Taxes

While other people were busy filing their 2004 income tax returns, in the hope of receiving a small amount of money. President Bush and the first lady were filing a considerably larger tax return.

The President and first lady paid \$207, 307 in federal income taxes on taxable income of \$672, 788 in 2004, according to the tax return that was released from the White House last week.

The Bushes listed the president's \$400,000 salary as well as the investment income from trusts in which their assets are held, for an overall gross income of \$784, 219.

The couple who are well known as vocal advocates of volunteerism reported contributing \$77,785 to charitable organizations and churches during 2004.

Recipients included St John's Church near the White House; Evergreen Chapel at Camp David; the Salvation Army World Service Office; the American Red Cross; AmeriCares, an international relief organization; and the Susan G Komen Foundation, which is involved in breast cancer research.

President Bush and first lady Laura Bush also deducted \$22,158 in property taxes which they paid on their 1,600-acre Crawford, Texas ranch. They also deducted \$2,186 in sales taxes under a law enacted last year allowing Americans to write off either sales taxes or state income tax.

However the Bushes' 2004 tax bill was smaller that their 2003 bill, when they reported paying \$227,490 in taxes on an adjusted gross income of \$822, 126. In 2002, before the tax cuts that the president proposed took effect, they paid \$268,719 in taxes on income of \$856, 058.

Meanwhile, Vice President Cheney and his wife, Lynne, have reported paying \$393,518 in taxes on earnings of \$1,328,678 in 2004. During the course of 2004, the Cheney's paid \$290,855 in taxes through withholding and estimated tax payments and on Friday paid another \$102, 663 when they filed.

The Cheney's income included the Vice President's \$203,000 salary and \$194, 852 in deferred compensation from Halliburton Co., the Texas-based energy services firm and defense contractor that he headed until August 2000.

The vice president and his wife also reported Lynne Cheney's income from the American Enterprise Institute, a conservative think tank in Washington and her compensation for serving on the board of Reader's Digest, a position she left in 2003.

As for charitable donations, the Cheney's reported giving \$303, 354, with the money coming primarily from royalties from the publishers of Lynne Cheney's books as well as money earned from Halliburton stock options.



Dates For The Diary

April 27

Communications and air transportation taxes under the alternative method due. Deposit the tax included in amounts billed or tickets sold during the last 16 days of March

April 29

Regular method taxes. Deposit the tax for the first 15 days of April.

April 30

- ◇ Quarterly Payroll taxes due.
- ◇ Quarterly Sales taxes due.

Tax News

US to Tax Foreign Air Crews

The Treasury Department and the Internal Revenue Service are standing firm on a new initiative to impose federal income withholding taxes on Latin American airline crews who use U.S. airspace on their way to and from US airports.

The tax plan could be applied to other industries and professions whose members travel to and from the United States. It is also believed that the new tax plan could spark similar retaliation against the US.

The Internal Revenue Service is expected to expand its tax plan to airlines in other countries without double-taxation treaties.

The IRS has targeted airlines in seven Latin America countries such as Brazil, Chile, Costa Rica and El Salvador.

Contact

WebSite

www.taxlogic.com

Email

CustomerService@taxlogic.com

Phone

1-800-729-2271

Fax

1-800-760-6837

Mail

PO Box 78063
San Antonio
TX 78278 0637

Tax Tidbits

- ◇ For various reasons you may not have filed your federal income tax return for this year or previous years. Maybe you didn't know you were required to file. Or you didn't file because you could not afford to pay in full. You may not have filed because you expect a refund and just haven't had the time to complete your return. Regardless of your reason, you should file your tax return as soon as possible.
- ◇ Filing late. April 15 may have come and gone, but you still need to file your tax return. If you owe taxes and missed the filing deadline, you may have to pay a failure-to-file (FTF) penalty with interest. There is also a penalty for failure to pay.
- ◇ If you were due a refund but you did not file a return by the due date, you generally must file within three years from the date the return was originally due to get that refund.
- ◇ Failure-to-file penalties and interest. A minimum FTF penalty applies to all individual, corporate, and trust and estate income tax returns delinquent for more than 60 days. The minimum FTF penalty is the lesser of \$100.00 or 100 percent of the amount required to be shown as tax on the return. Interest, compounded daily, is charged on any unpaid tax from the due date of the return until the date of payment.
- ◇ The IRS imposes a penalty for failure to file a tax return by the date prescribed (taking into consideration any extension of time for filing), unless it's shown that's the failure is due to reasonable cause and not due to willful neglect.
- ◇ In addition, if you filed on time but didn't pay on time, you'll generally have to pay a late payment penalty of one-half of one percent of the tax owed for each month, or part of a month, that the tax remains unpaid after the due date, up to 25 percent.

More Tax News...

Tax Evader Pleads Guilty

A Colorado tax protestor, hoping to avoid years in prison on tax-evasion charges, has agreed to plead guilty to cheating the government out of more than \$500,000.

Charles W Ledford, 57 and his wife Loraine, were arrested and jailed last October on a five-count indictment charging them with using a tax-dodging scheme to conceal their assets and income from the IRS.

After the couple refused the meet with IRS agents, they were charged with evading taxes from 1992 and 1995. The grand jury indictment also accused them of conspiracy to defraud the Federal Government.

Court documents filed recently said Charles Ledford will plead guilty to a single felony of tax fraud in exchange, the twin criminal case against his wife Loraine, aged 56, will be dismissed.

A Denver federal judge could exonerate Charles Ledford or sentence him to as many as five years in prison and a maximum \$250,000 fine. Government prosecutors have advised the court they'd be satisfied with a two-year sentence and a fine anywhere from \$5,000 to \$50,000.



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

IRS Issue Search Warrant in Arizona on tax Day

Imagine it's tax day and you are sitting in your tax preparer's office finalizing your return when the IRS burst in with a search warrant? That's exactly what happened in Arizona on Friday.

Criminal investigators served a federal search warrant on A-Mountain Income Tax in Tucson, Arizona and barricaded the front door.

As customers arrived for last-day service they were informed by IRS officers that the business would be closed all day and that if they wanted to go to the Federal building they could file for a four-month extension.

While no details on the reason behind the search warrant were given, customers were shocked as they had no idea why A-Mountain Income Tax would be targeted.

According to one customer, the professionals had always been incredibly helpful and knowledgeable and he didn't have any reason to be suspicious of their activities.

News From The IRS

IRS Seeking Interested ETAAC Applicants

The Internal Revenue Service is asking for applications to fill seven vacancies on the Electronic Tax Administration Advisory Committee, a 14-member panel that provides a public forum for discussion on electronic tax issues.

ETAAC members are appointed by the Secretary of Treasury and serve a three-year term and meet regularly to discuss, analyze, research and make recommendations on a wide range of electronic tax administration issues and provide input into the development of the strategic plan.

The Electronic Tax Administration Advisory Committee, every June submits an annual report to Congress reporting on the progress of the IRS' electronic tax initiatives.

Applications can be made by letter or by completing an application form, available from the IRS website, www.irs.gov