



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

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Tax Court Proposes New Rules

After more than 20 years of secrecy, the U.S Tax Court recently proposed new rules that would make public, lower level trial judge decisions in pending and future tax cases.

The rule changes, scheduled to go into effect in September this year, will open up decisions by special trial judges for the first time since 1984, when the rules were changed to make the decisions secret.

The proposed rule changes do not, however, address decisions in completed or closed cases that have been kept secret since 1984.

It is believed to be more than 900 decisions that were issues by special trial judges during that time.

While many tax attorneys are happy with the proposed changes, there is still some confusion as to why the existing reports shouldn't be made public as well.

The rule changes stem from Randall Dick, attorney for the late Chicago tax lawyer Burton Kanter, who challenged the 1999 ruling by Tax Court Judge Harold Dawson that Kanter and two business partners had engaged in fraud and owed the IRS more than \$30 million.

In March, the U.S Supreme Court ordered the report be made public and declared that the secrecy rule was improper.

The proposed rule changes call for special trial judge findings to be filed publicly and to allow attorneys for taxpayers and the IRS to file written objections.

The objections and the trial judge decisions are then to be sent to another Tax Court judge for review and issuance of the official decision.

The support for the changes also stems from the joy that this time the Tax Court had invited public comment whereas the change to make the findings secret in 1984 was done without any public notice or explanation.

Tax News

Ex-IRS Admits Taking Gifts

Former IRS agent William Koskos was supposed to collect more than \$500,000 in back taxes, interest and fines from William Hudson, whose construction firm ended up at the centre of a multimillion dollar school embezzlement scandal.

Instead, he collected more than \$18,000 for himself, as well as a few free dinners and rounds of golf.

Last Thursday, in the US District Court of Detroit, Mr Koskos admitted to taking the payoffs and pleaded guilty to a charge of committing an unlawful act for a revenue officer.

The agreement calls for him to serve up to six months in prison, spend two or three years on supervised release, pay a fine of up to \$5,000 and restitution to be determined at sentencing.



Dates For The Diary

July 27

Communications and air transportation taxes under the alternative method.

Deposit the tax included in amounts billed or sold during the last 15 days of June.

July 29

Regular method taxes

Deposit the tax for the first 15 days of July.

Fact or Fiction

Did you know that the average human being contains enough body fat to make seven bars of soap.

Because of the rotation of the earth, an object can be thrown further if it is thrown from the west.

By law, every child in Belgium must take harmonica lessons in primary school

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Tax Tidbits

- ◇ Special rules apply to divorced and separated parents when claiming exemptions for their children. If, between both of them, they provide more than 50 percent of the support, the exemption usually goes to the custodial parent, that is, the parent who has the child living with them for more than half of the year. The custodial parent can release the exemption to the non-custodial parent by filing Form 8332. The custodial parent can release the exemption for one year or for all future years.
- ◇ So this year's tax return seemed like a windfall? If you purchased a house or made a lifestyle change that significantly increased your tax refund, you may wish to re-examine your Form W-4 to adjust your withholding amount. By correcting your withholding accordingly, you'll reduce the amount of your interest-free loan you pay to the government and increase this year's take-home pay.
- ◇ If you are tipped employee, you may find that your Form W-2 contains allocated tips in Box 8. The amount shown is from a government formula and is in addition to the tips you have already reported to your employer. You must pay income tax, social security, and Medicare tax on the allocated tips unless you have written records showing that you never received the tips, or that you received a lesser amount.

News From The IRS



IRS Now Accepting Facsimile Signatures

The Internal Revenue Service recently issued new rules allowing corporate officers of duly authorized agents to sign employment tax returns by facsimile, including alternative signature methods such as computer software programs or mechanical devices.

The rules will help reduce the burden on business taxpayers by simplifying employment tax filing and lowering the number of returns rejected by the IRS because of signature issues.

The Revenue Procedure 2005-39 applies to such forms as any in the 940 series, Form 1042, Form 8027 and Form CT-1.

The IRS issued the revenue procedure in response to an Industry Issue Resolution submission that was presented to the IRS by the National Payroll Consortium last year.



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

Diesel Fuel Penalty Waived After Hurricane Dennis

The Internal Revenue Service has decided not to impose the excise tax penalty on the misuse of dyed diesel fuel in parts of Florida due to the shortages of clear diesel fuel caused by Hurricane Dennis.

The relief applies to dyed diesel fuel sold or used from July 8 through July 18, 2005 in Florida counties west of the Apalachicola River.

This penalty relief is available to any person that sells or uses dyed fuel for highway use.

In the case of the operator of the vehicle in which the dyed fuel is used, the relief is available only if the operator or the person selling the fuel pays the tax of 24.4 cents per gallon.

The tax return and the payment will be due on Oct. 31, 2005, and the IRS will not impose penalties for failure to make semi-monthly deposits of the tax.

Ordinarily, dyed diesel fuel is not taxed, because it is sold for uses exempt from excise tax, such as to farmers for farming purposes and to local governments for buses.

More Tax News

H&R Block to miss Annual Report Deadline

It was announced last week that major tax preparer H&R Block Inc said that it will miss the deadline to file its annual report with the Securities and Exchange Commission.

It is believed, that the reason given was that the company needs more time to finish restatements of earnings from 2003 and 2004.

The Kansas City based tax preparer also plans to delay releasing its first quarter results until September 1 even though it had originally planned to announce them on Aug 18.

The annual report was due on July 14, but H&R Block said that it would file a notification with the SEC to extend the deadline to July 29.

H&R Block announced last month that because of "reporting errors," it would restate earnings for the 2003 and 2004 fiscal years, as well as for the first three quarters of 2005.