



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

Common Misconceptions About Estate Planning

There are many misunderstandings when it comes to estate planning, some think it's something that only old people need to do while other's think its all about avoiding taxes...

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Common Misconceptions About Estate Planning

There are many misunderstandings when it comes to estate planning, some think it's something that only old people need to do while other's think its all about avoiding taxes.

Proper estate planning is about who gets your possessions when you die, it's about who raises your children if they're still minors and its about who makes critical medical decisions if you become incapacitated.

Many Americans apparently can't get over the emotions associated with death, and that stops them from putting their estates in order.

A recent Gallup poll found that half of American adults do not have a will and nearly 60 percent haven't prepared a living will, which spells out the medical care you do and don't want to receive.

Experts say that most people need two documents to be able to deal with money and other property, in case of death.

A will, which can be used to designate beneficiaries of your worldly goods as well as to name a guardian for your minor children.

People also need a durable power of attorney, which allows you to name someone you trust, such as your spouse, to handle your finances if you become incapacitated.

People should also consider creating two health care directive, according to experts, a living will, which contains your desires concerning life-prolonging medical care and a power of attorney for health care, also known as a health care proxy.

People who don't have a lot of assets or prefer a do-it-yourself approach are encouraged to investigate the number of books, software programs and websites to help prepare the documents.

Although it is encouraged that most people seek the help of an attorney who specializes in estate preparation.



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.

Tax News

Tax Reform Panel Believe it's Exempt from FOIA

According to Jeffrey Kupfer, President Bush's tax reform panel executive director, they believe they are not required to release materials under the Freedom of Information Act.

In response to request for information under FOIA made by Dow Jones and Tax Analysts earlier this summer, Mr Kupfer in a letter on July 22 said that the FOIA only applies to agency records.

President Bush appointed the panel in January with instructions to report final recommendations to the Treasury Department.

The panel is governed by a different law, the Federal Advisory Committee Act, and has, in accordance with FACA, provided information to the public but they believe that they do not need to release everything discussed behind close doors under the FOIA.

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

Summer Tax Tips from the IRS

- ◇ Many working parents must arrange for care of their children during the school vacation. A popular solution – with favorable tax consequences – is a day camp program. Unlike overnight camps, the cost of a day camp counts as an expense toward the child and dependent care credit. Of course, even if your child care provider is a sitter at your home, you'll get some tax benefits if you qualify for the credit.
- ◇ If your move is closely related to the start of a new job location, you may be able to deduct reimbursed moving expenses on your federal tax return. You must also meet certain tests relating to distance and time.
- ◇ Moving can also mean selling or buying a home. If you're a first time home buyer, you should know that mortgage interest "points" paid to obtain the mortgage and real estate taxes are expenses that you may be able to itemize and deduct to help reduce the amount of taxes owed.
- ◇ If you sell your main home, you may be able to exclude up to \$250,000 of gain (\$500,000 for married taxpayers filing jointly) from your federal tax return when it's time to do your taxes. To be eligible for this exclusion, your home must have been owned by you and used as your main home for a period of at least two years out of the five years prior to its sale.

News From The IRS

IRS E-File Available for Extension Filers

The IRS recently announced that taxpayers and tax professionals who filed for an extension can use e-file to file their 2004 tax returns.

The IRS expected some 10 million taxpayers to file after the April 15 deadline, earlier this year.

Among them are those who received an automatic four-month filing extension to Aug 15 and those granted an additional two-month extension to Oct 17 because of certain hardship.

According to IRS Commissioner Mark W Everson, E-file is the preferred method for taxpayers who want their taxes done fast because it's accurate, secure and easy to use. E-file is also the best option for taxpayers who need to file, but did not get an extension.

As well as e-file, several private companies participating in the Free File program will provide free return preparation and e-filing services to eligible taxpayers through mid-October.

Aug 15 is also the last time that TeleFile can be used to file tax forms of any kind.

Of the more than 126 million tax returns filed through early July, more than 67 million were filed electronically which is 11 percent more than last year.

More than 5 million of them came through Free File, a 46 percent increase from last year.

This year marks the first time that more than half of all taxpayers filed electronically, with paper filers now a minority.



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

Tax-free shopping back for a limited time only!

With the kids preparing to go back to school soon, it's time to stock up on those school supplies such as pencils, notebooks and a new pair of jeans.

But don't forget the fishing vests, hats, slippers, robes and bags.

All are part of Florida's tax-free holiday that began on Saturday July 23 and will continue until midnight Sunday July 31.

The tax-free holiday relates to all things that are priced at \$50 or less for each eligible item of clothing, footwear, or accessories, and \$10 or less for each school supply item. Books priced at \$50 or less is also included again this year.

The holiday from the state's 6 percent sales tax is just for the backpack set but for all who purchase eligible items.

This year, the back-to-school sales predicted by the National Retail Federation to be 8 percent below last year's \$443 per family.

Florida held similar sales tax holidays from 1998 though 2001 but halted them in 2002 and 2003 before starting the tradition back up again last year.

As far as the benefits for the state go, it won't be receiving an estimated \$37.9 million it would have received if the holiday didn't exist but that's only small change.

Florida collects \$1.5 billion a month in sales tax, making it close to \$21 billion a year in total state and local sales taxes.

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EU To Prevail In Dispute Over U.S. Tax Breaks

The World Trade Organisation's Dispute Settlement Body has concluded that the transitional rules extending the U.S extraterritorial income exclusion (ETI) regime violate international trade rules under the WTO agreement, according to reports out of Geneva.

The unpublished report, expected to be circulated among the parties in August, would hand a major victory to the European Union that brought the claim against the United States to the WTO.

The EU brought the initial claim against the ETI regime in 2001, arguing the U.S statute functioned as an export-contingent tax incentive in violation of the subsidies and countervailing measures (SCM) agreement as applied to direct taxes.

The WTO ruled in favor of the EU a year later, opening the door for punitive trade sanctions again U.S exports.

The US government responded last October by repealing the ETI regime as part of the American Jobs Creation Act of 2004, subject to generous transition rules.

Once the report is made public, it is believed that the US government will likely refer the matter to the World Trade Organization Appellate Body.