



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

Beware of Charity Scams in Wake of Katrina

The Internet Crime Complaint Center (IC3) issued an alert on Sep 1 warning well meaning citizens against getting caught in the trap of donating money for the relief effort of Hurricane Katrina to fraudulent websites...

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Beware of Charity Scams in Wake of Katrina

The Internet Crime Complaint Center (IC3) issued an alert on Sep 1 warning well meaning citizens against getting caught in the trap of donating money for the relief effort of Hurricane Katrina to fraudulent websites.

Apparently the FBI has seen an influx in websites soliciting for charitable donations to aid the victims of the latest natural disaster.

The IC3 and the FBI are encouraging people to take extra care and measures when considering donations online.

Here are the top four tips:

- ◇ Do not respond to any unsolicited (SPAM) incoming e-mails.
- ◇ To ensure contributions to U.S. based non-profit organizations are used for intended purposes, go directly to recognized charities and aid organization's websites, as opposed to following a link to another website.
- ◇ Attempt to verify the legitimacy of non-profit organizations by utilizing various Internet-based resources which may assist in confirming the existence of the organizations, as well as its non-profit status.
- ◇ Be cautious of e-mails claiming to show pictures of the disaster area in attached files, as the files may contain viruses. Only open attachments from known senders.

Several variations of this scam are believed to be already circulating throughout the US, people are encouraged to be aware as scammers will attempt to capitalize on the popularity of the relief efforts along the Gulf Coast.

If you have received an email or request for donation, that you suspect as fraudulent or would like more information, visit the Internet Crime Complaint Center at www.IC3.gov.

Tax News

Toll-free Number Created for Hurricane Victims

The Internal Revenue Service has established a special toll-free telephone number for use by taxpayers affected by Hurricane Katrina.

Anyone affected by Katrina who needs help with tax matters is encouraged to call 1-866-562-5227.

Taxpayers can call the number Monday through Friday from 7:00am until 10:00pm local time.

Callers to this dedicated telephone line can find out about available tax relief, get free copies of their tax return transcripts and receive Disaster Tax Loss Kits.

Callers may also be referred to the Federal Emergency Management Agency's assistance lines for additional help.

Affected taxpayers who need copies of tax returns to apply for aid or other purposes can have the normal user fee waived by writing "Hurricane Katrina" in red across the top of their Form 4506, Request for Copy of Tax Return.

For more information about tax relief for victims, making charitable contributions and links to other government web pages, visit www.irs.gov.



Dates For The Diary

September 12

Employees who work for tips.

If you received \$20 or more in tips during August, report them to your employer. You can use Form 4070.

September 15

Individuals. Make a payment of your 2005 estimated tax if you are not paying your income tax for the year through withholding (or will not pay in enough tax that way). Use Form 1040-ES. This is the third installment date for estimated tax in 2005.

Corporations. File a 2004 calendar year income tax return (Form 1120 or 1120-A) and pay any tax, interest, and penalties due. This due date applies only if you timely requested an automatic 6-month extension.

S corporations. File a 2004 calendar year income tax return (Form 1120S) and pay any tax due. This due date applies only if you timely requested an automatic 6-month extension. Provide each shareholder with a copy of Schedule K-1 (Form 1120S) or a substitute Schedule K-1.

Corporations. Deposit the third installment of estimated income tax for 2005. A worksheet, Form 1120-W, is available to help you estimate your tax for the year.



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

- ◇ If you've suffered the personal anguish of losing your home or property in a natural disaster, the IRS has made it a little easier to survive the financial anguish. To claim your loss, you must itemize deductions on Schedule A and attach Form 4684 to your return.
- ◇ The loss amount is based on the lower of two numbers: Either the price paid for the property plus any improvements (called the basis) before the disaster, or the property's decline in market value, which can be determined by repair costs. The deductible amount is reduced by insurance and other nontaxable reimbursements. If you don't use the property for business, the deductible amount is reduced by \$100 and then by 10 percent of your adjusted gross income.
- ◇ Reimbursements for losses are not taxable, unless you come out ahead by receiving more for the property than its original cost plus the cost of improvements. Even if the reimbursement is more than the basis, you don't have to pay tax currently if you replace lost, damaged or destroyed items with similar property within two years after the event. To avoid paying taxes on any gain resulting from insurance proceeds, you should replace property with similar property (IRS publication 584 provides a list of common household items and serves as a guideline to report what was lost.) However, because insurance proceeds for the home and its contents are considered a common pool of funds, you can use more of the money to replace the house than the contents or vice versa.

News From The IRS

Relief Areas Expanded for Katrina Victims

The Internal Revenue Service has expanded tax relief to victims of Hurricane Katrina in areas of Louisiana, Mississippi, Alabama and Florida, making them eligible for public assistance.

Taxpayers in the affected areas have been given until Oct 31 to file tax returns and make payments without any penalties.

The IRS will also abate interest and any late filing or late payment penalties that would otherwise apply, including the Sept 15 deadline for estimated taxes.

The expansion of area covers an additional 33 parishes in Louisiana, 37 counties in Mississippi, three counties in Alabama and three counties in Florida.

All of these locations also qualify for the Federal Tax Deposit (FTD) Penalty Waiver Period for employment and excise tax deposits from Aug 29 until Sept 23, 2005.

For the hardest hit areas, the IRS is believed to be anticipating to extend the deadlines even further in the near future.

In addition to taxpayers who reside in the disaster area, the IRS will also work with any taxpayer who resides elsewhere but whose books, records or tax practitioner was located in the relief area.

For more information on what relief is available for victims of Hurricane Katrina, contact your local IRS office or visit www.irs.gov.



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

Citizens Urged to Seek Qualified Charities for Katrina Help

People wanting to make donations to help Hurricane Katrina victims are being encouraged to seek out qualified charities.

Citizens who have a specific charity in mind can make sure that it is a qualified charity by searching an IRS-approved list available on the IRS website, www.irs.gov.

The website has an on-line search feature that allows people to find qualified charities while some organizations, such as churches and governments, may not be on the list but still be qualified.

The Federal Emergency Management Administration has urged citizens to make cash donations to volunteer agencies with whom it is working.

The government's official Web portal, www.FirstGov.gov also contains disaster-relief information.

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Diesel Fuel Penalty Waived Due to Hurricane Katrina

The Internal Revenue Service have decided to not impose a tax penalty when dyed diesel fuel is sold for use or used on the highway, in response to shortages of clear diesel fuel because of Hurricane Katrina.

The relief began in Florida on August 25, on August 30 in Alabama, Louisiana and Mississippi and August 31 for the rest of the United States and will remain in effect through until September 15, 2005.

The 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 of the person selling the fuel pays the tax of 24.4 cents per gallon.

The IRS will not impose penalties for failure to make semimonthly deposits of this 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.

Finally, the Internal Revenue Service will not impose the recently enacted tax penalty on a failure to meet the requirements of EPA highway diesel fuel sulfur content regulations if EPA has waived those requirements.