



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

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All around the country lawmakers are entertaining proposals to ease the pain of soaring gas prices for consumers, considering everything from suspensions of local gas taxes to rebates for motorists...

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States Evaluating Ways to Cut Gas Costs

All around the country lawmakers are entertaining proposals to ease the pain of soaring gas prices for consumers, considering everything from suspensions of local gas taxes to rebates for motorists. However, so far some are reluctant to act, partly out of concern for their states' bottom lines but also because they wonder whether motorists will even notice the difference if prices continues to climb.

The retail price of unleaded gasoline rose by 45.9 cents recently in the wake of Hurricane Katrina, averaging \$3.069 nationwide, putting the pump prices \$1.219 a gallon above last year.

After prices rose and motorists panicked, rushing to fill up their tanks, causing a brief fuel shortage, Georgia Governor Sonny Perdue, ordered a month long moratorium on state gas taxes. The order suspends Georgia's 7.5 cents-a-gallon excise tax and 4 percent sales tax on gasoline until the end of September.

As well as Georgia, lawmakers in other states are pushing for similar actions; In Tennessee, a group of Republican lawmakers urged the governor to temporarily halt the state's gasoline tax to give consumers a break.

In Maine, Republican House and Senate leaders said they would welcome a special legislative session to focus on ways to ease the impact of high gas and oil prices and have offered several proposals to be considered. On the top of the list was a call for a suspension of Maine's 25.9-cent gasoline tax for at least 60 days in the hope to allow the market to stabilize.

Massachusetts leaders have said that they will not support a bill proposing to suspend the state's 21-cents-per-gallon gasoline tax, all but ensuring its demise. The gas tax yields about \$685 million annually for the state, money that is primarily used for road and bridge repairs.

Lawmakers in Wisconsin have proposed to cut the state's gas tax of 29.9 cents a gallon by 15 cents for four months. Indiana Governor, Mitch Daniels, has rejected calls to suspend taxes again saying that the state is still coming out of bankruptcy and can't afford to cut taxes at this time.

In Pennsylvania, Governor Ed Rendell is reportedly considering a suspension of the state's 30-cent-per-gallon gasoline tax resulting in the average driver saving \$66 over four months while the state would lose \$660 million earmarked for highway projects and maintenance.

Hawaiian officials began capping the wholesale price of petrol before Katrina hit the Gulf Coast, sending prices soaring above \$3 a gallon across the country. Many states will continue to debate the idea of cutting taxes and capping prices of gasoline, in the hope to help drivers while still maintaining income for states projects.

Tax News

Special Sessions may be held in Mississippi and Louisiana

With large amounts of tax revenue affected by Hurricane Katrina, the governors of Mississippi and Louisiana appear likely to call special legislative sessions to address their states' budget needs.

While Alabama faces a revenue decline as well, it may be able to forgo emergency budget action. Mississippi Tax Commission officials are working to determine the storm's effect on the state's tax and fee revenue.

At least 12 of the state's 17 casinos, a major source of revenue, sustained substantial damage, in some cases being ripped from their foundations.

In Louisiana, Governor Kathleen Blanco has not yet announced plans for a special session, but many in the state are expecting it to happen soon.



Dates For The Diary

September 14

Regular method taxes. Deposit the tax for the last 16 days of August

September 15

Social security, Medicare, and withheld income tax. If the monthly deposit rule applies, deposit the tax for payments in August.

Nonpayroll withholding. If the monthly deposit rule applies, deposit the tax for payments in August.'

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.

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Tax Tidbits

Here are some brain teasers.....have a go and the answers will be in next week's issue.

- ◇ A murderer is condemned to death. He has to choose between three rooms. The first is full of raging fires, the second is full of assassins with loaded guns, and the third is full of lions that haven't eaten in 3 years. Which room is safest for him?
- ◇ A woman shoots her husband. Then she holds him under water for over 5 minutes. Finally, she hangs him. But 5 minutes later they both go out together and enjoy a wonderful dinner together. How can this be?
- ◇ There are two plastic jugs filled with water. How could you put all of this water into a barrel, without using the jugs or any dividers, and still tell which water came from which jug?
- ◇ What is black when you buy it, red when you use it, and gray when you throw it away?
- ◇ Can you name three consecutive days without using the words Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, or Sunday?
- ◇ This is an unusual paragraph. I'm curious how quickly you can find out what is so unusual about it. It looks so plain you would think nothing was wrong with it. In fact, nothing is wrong with it! It is unusual though. Study it, and think about it, but you still may not find anything odd. But if you work at it a bit, you might find out.

News From The IRS

Jan 3 the new deadline for Katrina Victims

Victims of Hurricane Katrina will have until Jan 3, 2006 to file any returns, pay any taxes or make any deposits due, the Internal Revenue Service announced recently.

This extends and expands relief granted previously by the IRS and is available in all the counties and parishes previously announced.

The new deadline applies to any return, tax payment or tax deposit with an original or extended due date that fell on or after Aug 29, 2005.

The IRS will abate interest and any late filing, late payment or failure to deposit penalties that would otherwise apply.

To the maximum extent possible, the IRS will automatically grant this relief to any individual or business located in the disaster area.

Any disaster area taxpayer who receives a penalty notice from the IRS should call the toll-free number on the notice to receive penalty abatement.



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

Indiana Launches Tax Amnesty

The Indiana Department of Revenue has sent out letters to more than 200,000 taxpayers, announcing that the state's first-ever tax amnesty will start Sep 15.

The Department of Revenue hopes to recoup \$65 million during the two-month amnesty period by forgiving all penalties and interest due on the unpaid taxes.

More than 40 other states have conducted tax amnesties but this will be the first for taxes collected by the Indiana Department of Revenue.

The downside of the tax amnesty is that the state will not collect the millions in penalties and interest that has been accumulated on the back taxes.

People have already been inquiring with the Department of Revenue about the tax amnesty with 79 percent of those indicating interest in participating.

If taxpayers owing back taxes do not take advantage of the amnesty period, interest will continue to accumulate for the entire amnesty period and after.

For more information on the tax amnesty, taxpayers are encouraged to contact the Indiana Department of Revenue.

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IRS and AICPA Create Partnership in the Wake of Katrina

The Internal Revenue Service announced recently that it will partner with the American Institute of Certified Public Accountants (AICPA) to provide assistance to taxpayers at local disaster recovery centers established by the Federal Emergency Management Agency (FEMA).

The CPA volunteers will soon join IRS employees to staff disaster recovery centers servicing some of the areas affected by Hurricane Katrina.

When the President designates an area to receive federal disaster assistance, FEMA opens local disaster recovery centers where individuals and businesses may register for disaster aid.

IRS assigns employees to staff these local centers to provide tax assistance to taxpayers.

Under the terms of the partnership agreement, the IRS and the AICPA will test the use of volunteer CPAs at FEMA's disaster recovery centers to facilitate service to those seeking aid.

The IRS will request support from the profession to supplement staff on an as-needed basis.

Both the IRS and the AICPA will work with CPA volunteers at FEMA disaster recovery centers in Presidentially-declared disasters to reach more taxpayers and inform them of the services offered.

For more information regarding disaster tax relief, visit the IRS's official website as www.irs.gov.