



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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Deadlines for Hurricane Victims Extended

Taxpayers affected by Hurricane Katrina now have until February 28, 2006 to file tax returns and pay any taxes due following legislation approved by Congress and signed by the President last month.

The Katrina Emergency Tax Relief Act of 2005, signed on Sep 23, postpones deadlines for affected taxpayers to file tax returns, pay taxes and perform other time-sensitive acts until Feb 28, 2006.

Taxpayers affected by the hurricane may be eligible for tax relief, regardless where they live. For taxpayers located in the areas hardest-hit by Katrina the tax relief will be automatic and taxpayers won't need to do anything to get the extensions and other relief available. Areas covered by the Katrina tax relief, either automatic or based on self-identification are:

Louisiana

Taxpayers will receive automatic relief in 31 Louisiana parishes designated for individual assistance: Acadia, Ascension, Assumption, Calcasieu, Cameron, East Baton Rouge, East Feliciana, Iberia, Iberville, Jefferson Davis, Lafayette, Lafourche, Livingstone, Orleans, Pointe Coupee, Plaquemines, St Bernard, St Charles, St Helena, St James, St John, St Mary, St Martin, St Tammany, Tangipahoa, Terrebonne, Vermilion, Washington, West Baton Rouge and West Feliciana.

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in any of these 33 Louisiana parishes designated for public assistance: Allen, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Caldwell, Catahoula, Claiborne, Concordia, Desoto, East Carroll, Evangeline, Franklin, Grant, Jackson, LaSalle, Lincoln, Madison, Morehouse, Natchitoches, Ouachita, Rapides, Red River, Richland, Sabine, St Landry, Tensas, Union, Vernon, Webster, West Carroll and Winn.

Mississippi

Taxpayers will receive automatic relief in 47 Mississippi counties designated for individual assistance: Adams, Amite, Attala, Claiborne, Choctow, Clarke, Copiah, Covington, Franklin, Forrest, George, Greene, Hancock, Harrison, Hinds, Jackson, Jasper, Jefferson, Jefferson Davis, Jones, Kemper, Lamar, Lauderdale, Lawrence, Leake, Lincoln, Lowndes, Madison, Marion, Neshoba, Newton, Noxubee, Oktibbeha, Pearl River, Perry, Pike, Rankin, Scott, Simpson, Smith, Stone, Walthall, Warren, Wayne, Wilkinson, Winston and Yazoo.

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in any of these 35 Mississippi counties designated for public assistance: Alcorn, Benton, Bolivar, Calhoun, Carroll, Chickasaw, Clay, Coahoma, DeSoto, Grenada, Holmes, Humphreys, Issaquena, Itawamba, Lafayette, Leflore, Lee, Marshall, Monroe, Montgomery, Panola, Pontotoc, Prentiss, Quitman, Sharkey, Sunflower, Tallahatchie, Tate, Tippah, Tishomingo, Tunica, Union, Washington, Webster and Yalobusha.

Alabama

Taxpayers will receive automatic relief in 10 Alabama counties designated for individual assistance: Baldwin, Choctaw, Clarke, Greene, Hale, Mobile, Pickens, Sumter, Tuscaloosa and Washington.

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Dates For The Diary

October 11

Employees who work for tips. If you received \$20 or more in tips during September, report them to your employer. You can use Form 4070.

October 17

Individuals. File a 2004 income tax return and pay any tax, interest, and penalties due if you were given an additional 2-month extension.

Partnerships. File a 2004 calendar year return (Form 1065). This due date applies only if you were given an additional 3-month extension. Provide each partner with a copy of Schedule K-1 (Form 1065) or a substitute Schedule K-1.

Electing large partnerships. File a 2004 calendar year return (Form 1065-B). This due date applies only if you were given an additional 3-month extension.

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in any of these 12 Alabama counties designated for public assistance: Bibb, Colbert, Cullman, Jefferson, Lamar, Lauderdale, Marengo, Marion, Monroe, Perry, Wilcox and Winston.

Florida

Taxpayers will receive tax relief if they identify themselves as being impacted by Hurricane Katrina and they live in any of these 11 Florida counties designated for public assistance: Monroe, Broward, Miami-Dade, Bay, Collier, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa and Walton.

For more information, taxpayers are encouraged to contact their local IRS office or visit the website, www.irs.gov

Tax News

Former Ambassador Faces Tax Charges

The Internal Revenue Service has accused former U.S. ambassador to Ireland, Richard Egan of setting up a \$62 million illegal tax shelter as soon as he moved to Dublin.

Following an investigation, the IRS claims that Egan set up an economic sham involved another businessman that used a complex system to sell each other's stocks so as to dodge tax payments.

Egan, the billionaire co-founder of technology company EMC Corp, has started legal action against the IRS, claiming that the investment deal was perfectly legal.

Mr Egan has said that he set up the transaction after he resigned from the EMC Board in September 2001, before taking the ambassador post, and was looking for ways to sell his stock without it being reported by the media and possibly negatively affecting EMC's stock price.

He claims that an unnamed international accounting firm urged him to use a European-style options scheme.

News From The IRS

Dyed Diesel Fuel Penalty Relief Extended

The Department of the Treasury and the Internal Revenue Service, in response to continued shortages of diesel fuel caused by Hurricane Katrina and Rita, has announced it will extend the penalty relief period.

On Sept 15, 2004, the IRS announced it would not impose the dyed fuel penalty when dyed diesel fuel is sold for use or used on the highway and that the relief would be in effect until Oct 5, this new announcement on Oct 6 has extended the relief until Oct 25, 2005.

The relief is available to any person who sells or uses dyed diesel fuel for highway use. In the case of fuel that is dyed at the terminal to meet IRS standards, the relief is available to the operator of the vehicle in which the fuel is used only if the operator or the person selling the fuel pays the tax of 24.4 cents per gallon.

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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

Nominee for Tax Policy Post Withdraws

Phillip D Morrison has asked that his name be removed from consideration for the position of Treasury assistant secretary for tax policy.

Morrison, who is currently with Deloitte Tax LLP's Washington National Tax Office, blamed long delays in the confirmation process as the reason for his withdrawal.

In a statement released October 7, Morrison said the length of time required for the clearance process, "when added to the over four months since the President nominated me, has simply been too long."

President Bush announced in May his intention to nominate Morrison to the top-level tax policy position at Treasury.

However, the Senate had not yet scheduled a hearing on Morrison's nomination.

The assistant secretary for tax policy position has been vacant since Pamela Olson resigned in early 2004, the role was then filled in an acting capacity by Greg Jenner, who resigned in December 2004.

More Tax News

Metabolife Pleads Guilty to Falsifying Taxes

Metabolife International Inc., which made millions of dollars selling a now-banned herbal supplement, pleaded guilty last week to filing false tax returns.

The lawyer for the bankrupt company, Robert Humphreys, said that Metabolife evaded paying more than \$339,000 to the Internal Revenue Service by failing to report income of more than \$1 million in tax years 1997 and 1998.

The guilty plea ended a three-year search by IRS agents through shell companies, charities and offshore accounts where the company and its owners stashed money.

Metabolife and co-founder Michael Ellis are still fighting federal charges of lying to the Food and Drug Administration about the dangers of Metabolife 356, a popular diet supplement containing ephedra, the now-banned herbal supplement linked to dozens of deaths.

Ellis, 52, who has a drug-related conviction for his role in a methamphetamine lab in the 1980s, is also fighting federal charges of being a felon in possession of a firearm.

Prosecutors have ramped up the pressure on Ellis in the past week by securing guilty pleas from two of the three owners of the privately held herbal supplement company, based in San Diego.

Prosecutors are expected to recommend a fine of up to \$1.2 million for the company following the guilty plea with each of the owners expected to get at least two years in prison.