



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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We here at TaxLogic want to wish you a happy holidays and a festive New Year.

Optional State Sales Tax: What is it?

The Internal Revenue Service recently made available what has been named the Optional State Sales Tax Table to taxpayers.

The American Jobs Creation Act of 2004 authorized the sales tax deduction as an option for those who itemize deductions, letting them choose between deductions for state and local income or sales taxes.

In Texas and seven other states, residents don't have to choose with tax break helps more because they pay only sales tax but they do have to itemize to use the sales deduction.

The tables show set deductions for individuals in each state based on income and the number of people claimed on the tax return.

Taxpayers who have bought or will buy big-ticket items such as cars, trucks and boats can combine the standard deduction estimate with the actual amount of sales tax paid on those items.

The IRS has also said that taxpayers who bought or will buy airplanes and other aircrafts; traditional, mobile and manufactured homes; and home building materials to construct, repair or remodel homes also have the potential of writing off the sales tax on those items.

For more information on the Optional State Sales Tax tables or to look at them in full, all are encouraged to visit www.irs.gov.

Here is an example of the new state sales tax tables. This table is for Texas.

Income		Exemptions					
At least	But less than	1	2	3	4	5	Over 5
Texas							
\$0	\$20,000	375	427	461	487	509	538
20,000	30,000	488	555	599	633	660	697
30,000	40,000	564	641	691	730	761	804
40,000	50,000	629	714	770	812	847	895
50,000	60,000	687	780	841	887	925	976
60,000	70,000	740	840	904	954	994	1049
70,000	80,000	789	895	964	1017	1059	1118
80,000	90,000	834	945	1018	1073	1118	1180
90,000	100,000	877	994	1070	1127	1174	1239
100,000	120,000	933	1057	1138	1199	1249	1318
120,000	140,000	1009	1142	1229	1294	1348	1422
140,000	160,000	1076	1217	1309	1379	1436	1515
160,000	180,000	1140	1289	1386	1460	1520	1603
180,000	200,000	1200	1357	1459	1536	1599	1686
200,000 or more		1467	1656	1779	1872	1948	2052



Dates For The Diary

December 28

Communications and air transportation taxes under the alternative method. Deposit the tax included in amounts billed or tickets sold during the first 15 days of November.

December 29

Regular method taxes. Deposit the tax for the first 15 days of December

Tax News

President George W. Bush has been announced as TIME Magazine's Person of the Year for 2004.

The editors at TIME believed that President Bush was the one because of his politics, the fact that he sticks to what he believes in and the ability to persuade the majority of voters to elect him for a second term in the White House.

This is the second time that President Bush has been named Person of the Year. He previously won the title in 2000 after winning the controversial 2000 election.

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Tax Tidbits

Helpful Holiday Hints

With the festive season upon us, many of us forget that some of our gift giving and charitable donations can also provide us with some tax deductions. Here are a few to help you through the holidays.

- ◇ Gifts to customers and clients are deductible, however only to the limit of \$25 per person per year. The cost of sending holiday cards can also be deductible, for both the cost of the card and the postage. If you are self-employed the deductions come straight off your gross income, however if you are an employee these items are deductible as a miscellaneous itemized deduction.
- ◇ Whether you receive a turkey, chocolates or other holiday tokens from your boss, they are classified as gifts. They're not taxable, so you don't need to worry about claiming them on your income tax return. However, instead of received a \$40 gift hamper you receive \$40 in cash, you must claim it as income.
- ◇ If you buy a Christmas tree from a non-profit organization such as a church there is a deductible. If you pay \$80 for a 5-foot pine tree, and 5-foot pines are available for \$50 all around town, then the \$30 difference is a deductible. It's considered your donation to the organization. The same goes for other items such as Hanukkah menorah or Kwanzaa candles.

Website Of The Week

<http://moneycentral.msn.com>

The MSN Money website has been designed to be incredibly user friendly, by incorporating useful finance information with analysis and commentary on such issues as Social Security and how to be successful in getting a pay raise.



The site isn't focused on solely one area of finance, it covers everything from banking, savings and debt management right through to taxes and investments.

In the tax section of Money Central, visitors are given the opportunity to prepare taxes online, estimate how much tax you owe, as well as information on tax changes, eligible deductions and numerous other tax related issues.

This in-depth website also provides articles on business and money related current events, such as the latest news from the government to the top business scandals of 2004.

MSN have created a very friendly and easy to navigate finance website that is stuffed with helpful tips and information for all money matters.

This website of the week is definitely worth a visit when it comes to getting the most out of your money.



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

Following on from the previous issue we have included some more strange taxes. In this issue we look at two that involve food and beverages plus one for playing cards:

Takeout Tax

Would you like fries and a tax with that? The City of Chicago has levied a 0.5 percent charge on all carryout food, technically called the "anti-litter" tax. This applies to everything from a Happy Meal to a hot dog sold from a street vendor. So when you are buying your take out just remember that you are paying an extra bit to the city. Washington D.C has the takeout tax as well.

Fountain Soda Drink Tax

This strange tax also comes from Chicago. When you purchase a "fountain soda" drink such as a Coke or a Pepsi you will pay a flat rate of 9 percent to the city of Chicago. If you purchase a soda that is in a can or a bottle, then you are free from the tax, it only applies to the cups of drink, "the fountain soda."

Playing Card Tax

If you are in the state of Alabama and want to purchase a deck of cards, be prepared to shell out an extra dime. The state government has levied a 10-cent tax on the purchase of a playing deck that contains no more than 54 cards. If you object to this, get your playing cards in a different state or buy a deck with an extra joker.

News From The IRS Bringing Back Ethics Into Tax

As part of its ongoing effort to improve the ethical standards of tax professionals and to curb abusive tax avoidance transactions, the Internal Revenue Service recently issued amendments to the Treasury Department Circular 230.

Circular 230 is applicable to attorneys, accountants and other tax professionals who practice before the IRS. The revisions to Circular 230 is to provide standards of practice for written advice that reflect the current best practices and are intended to restore public confidence in tax professionals.

Following on from the recent discovery of some tax professionals and attorneys providing opportunities for clients to illegally rort the tax system the IRS believe that these amended regulations will send a strong message to any person considering selling questionable advice to clients.

Ensuring that attorneys, accountants and other tax practitioners adhere to professional standards and follow the law is on the IRS' top enforcement goals at present.

The final regulations provide the best practices for all tax professionals including mandatory requirements for written advice as well as minimum standards for other advice, with serious penalties there is a failure to adhere to the guidelines.