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TaxLogic provides prompt, professional, personal, one-on-one tax preparation from the comfort of your home. We are competitively priced and offer a lot of additional information on our web site - <http://www.taxlogic.com>. With less than 6 weeks left, if you haven't started your tax return, now is the time. April 15th will be here before you know it.

Continuing our series on Helpful Tax Tips, they can help you with this years tax return preparation if you still haven't filed, but will also help you in your tax planning for future years. Not all these tips will be applicable to your personal situation but feel free to ask questions where some of these items may be applicable to your individual circumstances.

- 1) Above-the-Line Deduction for Teacher's Classroom Expenses: For tax years 2002 and 2003, eligible educators will be able to deduct up to \$250 for un-reimbursed expenses incurred in connection with books, non-athletic supplies, computer equipment and other supplementary materials used in the classroom. Eligible educators include K-12 teachers, instructors, counselors, principals, or aides.
- 2) Beware of Foreign Charitable Donations: When donating money or goods for a charitable purpose outside of the United States, make sure that you donate to the organization's US office to distribute the funds overseas. A contribution directly to a foreign organization is not deductible. Also, with the passage of the USA Patriot Act in late 2001, foreign charities operating in the United States are coming under greater scrutiny in an effort to cut off funding to foreign terrorist organizations. If a foreign charity is investigated, as a donor, your relationship with that organization will come under scrutiny and that will begin with your tax return.
- 3) Business Travel, Meals and Entertainment Substantiation Requirements: Two items are necessary to substantiate travel, meals and entertainment expenses. They are: Adequate Records, including summary of expenses, and Documentary Evidence such as actual receipts or paid invoices.
- 4) Why to Incorporate, Reason 1: As business income rises, consider converting to an S Corporation to reduce self-employment taxes. Need to incorporate? Go to <http://www.taxlogic.com/t7bin/page/+corporations.html>
- 5) Exceptions to Early Withdrawal Penalties on IRAs Before age 59-1/2: You can avoid the 10% early withdrawal penalty on that portion of the distribution that you use by paying for any of the following:-
  - a. Certain medical expenses
  - b. Health insurance premiums for certain unemployed individuals
  - c. Qualified higher education expenses
  - d. Or by paying up to \$10,000 for a first-time home purchase

*Thanks for choosing TaxLogic!*

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#### Services we offer:

- Personal Income Tax Preparation
- Year-round Personal Financial Consultation
- Corporate Federal and State Preparation
- Quickbooks® Consulting
- Annual Minutes for your company
- Internet based Bookkeeping course
- Internet based Payroll Preparation Service