

Lundy Shacter, P.A.

Certified Public Accountants

TAX SEASON NEWSLETTER 2010/2011

CONSUMER ALERT

(From Florida Department of State):

Please be aware that Arvitas, LLC is a private company sending emails to business in Florida offering to file annual reports. ARVITAS IS NOT AN AGENT OR REPRESENTATIVE FOR THE FLORIDA DEPARTMENT OF STATE, DIVISION OF COPORATIONS. Arvitas is acting on its own to solicit business for its own company. It is offering to file annual reports for business entities in Florida at an inflated fee. They do not offer any additional service than what is available to the public on sunbiz.org. The Attorney General's Office, on behalf of the Dept. of State, is currently pursuing legal action against Arvitas.

If you receive a notice to file that you are unsure about, please forward the notice to our office so we can confirm and provide further guidance.

NEW TAX LAWS PASSED DURING 2010:



Tax Filing Information:

As a result of the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 that became law on December 17, 2010, the Internal Revenue Service has delayed the finalization of various tax forms. As a result, they anticipate that most taxpayers won't be able to file their returns before mid-to late February.

Due Date – Because of the Emancipation Day holiday in the District of Columbia, the due date to file your individual tax return (or file an extension) is Monday, April 18, 2011.

Electronic Filing:

The Internal Revenue Service is starting to require the electronic filing of individual income tax returns and trust income tax returns. Individuals may still elect to file their returns by paper. Our office procedures for electronic filing will be to present you with a draft copy of your return (whether by email, fax, mail, or in the office), along with Form 8879, which gives us your authorization to file the tax return electronically. Once we receive the signed Form 8879 back from you, we will electronically file your return with the IRS. Once we receive the notification that the IRS has received your return, we will finalize the processing of your return and send you a copy (if you want the copy by email, please let us know) as well as return any original documents we have.

Federal Tax Deposits:

The IRS is no longer allowing employers to make federal tax deposits by using Form 8109 or Form 8109-B. All federal tax deposits (including employment tax, excise tax, and corporate income tax) must be made using the Electronic Federal Tax Payment System (EFTPS). To enroll, go to www.eftps.gov, and select the "Enrollment" option at the top of the website. When enrolling, allow yourself 7 business days to receive your log-in information before your first tax deposit is due. If you need assistance with the enrollment, please contact our office.

Social Security Payroll Tax Cut:

For 2011 only, the employee portion of social security (old age, survivors, and disability insurance) tax has decreased from 6.2% to 4.2%. The employer's matching portion remains at 6.2%. The wage base for social security remains the same from 2010 to 2011 at \$106,800. The wage base for Medicare (hospital insurance) remains unlimited. The Medicare tax rate remains at 1.45% each for employer and employee.

Making Work Pay Credit:

For 2010, you may be eligible for the making work pay credit if you had earned income. It is 6.2% of your earned income, but cannot be more than \$400 (\$800 if married filing jointly). The benefits of this credit may have already been received as your federal withholding was likely reduced, beginning in early 2009, for this credit to get the money in your pocket with each paycheck. Note that in 2011, you will likely find your federal withholding has increased as a result of the Making Work Pay Credit expiring after 2010.

Roth IRA Rollover:

If you converted your Traditional IRA into a Roth IRA during 2010, please make sure to let us know, as, for 2010 only, you can elect to pay the tax either all with your 2010 tax return, or defer the tax over 2 years, claiming half the amount in 2011, and the other half in 2012.

The Estate Tax:

Prior to the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 being enacted on December 17, 2010, there was no requirement for an Estate Tax Return to be filed for an individual who passed away in 2010. Under the new law, if the estate was larger than \$5,000,000 (including lifetime taxable gifts), the executor of the estate must file a 2010 Estate Tax Return (Form 706), following the 2011 rules (see below), which would enable the heirs to receive eligible inherited assets at a stepped-up basis, which adjusts the costs of the assets to be the value at the date of death. Alternatively, the executor can elect not to file Form 706, in which case the eligible inherited assets a decedent's heirs would receive are subject to a modified stepped-up basis, which may result in the value of some of those assets being carried over at their original cost. Form 706, or the election not to file Form 706, for anyone who passed away in 2010 is due no earlier than September 17, 2011.

The 2011 Estate rules, which are in place through 2012, have an exemption of up to \$5 million per individual, over which amount the tax rate will be 35%. Had the tax relief not been passed, the rate would have been 55% and only a \$1 million exemption.

BUSINESS RELATED CHANGES:

Self Employed Health Insurance:

If you are self-employed, or a 2% or more shareholder in an S Corporation, you may be able to deduct your health insurance on your tax return without being subject to the 7.5% limitation on medical expenses. In addition, if you are subject to the self-employment tax, beginning in 2010, the cost of your health insurance can reduce the earnings subject to the tax.



□

Small Employer Health Insurance Credit:

The Affordable Care Act passed in 2010 is specifically targeted to help certain small businesses that primarily employ moderate-income workers and lower-income workers and who provide health insurance coverage to their employees. Through 2013, there is a credit of 35% of the employer's non-elective contributions toward the employee's health insurance premiums. Beginning in 2014, the credit is 50%.

An eligible small employer is one who has no more than 25 full-time-equivalent employees; employee wages averaging no more than \$50,000; and the employer has to cover at least 50% of the employee's health insurance.

The full credit is only available to employers with 10 or fewer employees and with wages under \$25,000. The credit phases out after the number of employees reaches 25 and after the average wages reaches \$50,000. Self-employed individuals (including 2% shareholders of S Corporations, partners, 5% owners, and certain types of related parties) are not treated as employees for this calculation.

Depreciation Opportunities:

If you have purchased and placed in service any new furniture, machinery or other tangible personal property, including most computer software and certain leasehold improvements since September 8, 2010, or plan to purchase any during 2011, you may be able to claim “bonus” depreciation of 100% of the cost in that year. For any purchases in 2010 prior to September 8, 2010, you may claim 50% depreciation in that year, with the remaining depreciation being taken over the property’s useful life.

There is also a continuation of the Code Section 179 election that enables you to expense up to a specific dollar amount in the year the property is placed in service, as long as it doesn’t cause your business to recognize a loss for the year. Since the “bonus” depreciation mentioned above expires in 2011, the Code Section 179 election could continue to benefit your business in 2012. The election allows you to expense up to \$125,000 of your capital expenditures, which includes most tangible personal property used in the active conduct of a trade or business. The election excludes purchases for rental property, property held for investment, and air conditioning or heating units. This election will phase out if your capital expenditures exceed \$500,000. The Code Section 179 election does not apply to purchases used for residential rental properties.

Qualified leasehold improvement property, qualified retail improvement property, and qualified restaurant property purchased and placed in service through 2011 may be depreciated over 15 years, instead of the 39 year standard method.

Auto Purchases – If your business purchased and placed in service a new passenger automobile between 2010 and 2012, the maximum amount of first year depreciation has been increased from up to \$3,060, to up to \$11,060. The auto must be at least 50% business use, and the deduction will be based on the actual percentage of business use.



Retained Unemployed Workers Credit for 2011:

If an employee was hired in 2010, who was unemployed for at least 60 days prior to being hired, and they have been maintained as employee for 52 consecutive weeks, than the employer may be eligible for a credit of up to \$1,000 per employee. The wages during the last 26 weeks must equal at least 80% of the wages during the first 26 weeks. In order to verify the employee was unemployed for the 60 days prior to being hired, they employee must fill out form W-11, which should be maintained by the employer.



1099 Filing Requirements Changing:

Beginning in 2012, all business payments and purchases that exceed \$600 in a calendar year will need to be issued a 1099-MISC. This means you will need to maintain Form W-9 for all vendors your business works with. Until 2012, the exemption for issuing 1099’s remains for payments to corporations and payments for the purchase of goods.

Note: There have been talks that the government may change this requirement before 2012, as it has been presented as a burden on taxpayers for the costs and time requirements to fulfill the requirement.

Beginning January 1, 2011, if you receive rental income from real estate, you are required to issue 1099-MISC to service providers on your rental property (such as plumbers, painters, and accountants) if \$600 or more during the year, in accordance with the business requirements.

TAX YEAR 2010 – FEDERAL INCOME TAX RETURNS INFORMATION

Minimum Income Requirements for Return Filing

You MUST file a tax return if your gross income was at least the following:

Age 18 through 65

Single: (see below for children under age 18)	\$ 9,350
Married Filing Separately:	\$ 3,650
Married Filing Jointly:	\$18,700
Head of Household:	\$12,050
Qualifying Widow(er):	\$15,050

Age 65 or Older

Single:	\$10,750
Married Filing Separately:	\$ 3,650
Married Filing Jointly (one spouse over 65):	\$19,800
Married Filing Jointly (both over 65):	\$20,900
Head of Household:	\$13,450
Qualifying Widow(er):	\$16,150

Dependents Under the age of 65

Dependents under the age of 65 must file a tax return if they have unearned income (i.e.: interest, dividends, capital gains) over \$950 or earned income over \$5,700. A child under the age of 18, or a full time student age 19-23, who has investment income greater than \$1,900, will be taxed at the parent's tax rate.



Capital Gains and Qualified Dividends:

The maximum tax rate for most net long term capital gains and qualified dividends remains at 15%. If you fall under the 10% or 15% regular income tax bracket, the net long term capital gain rate has been reduced to 0% through 2012.

Personal Exemption:

The 2010 personal exemption amount remains at \$3,650. For 2010, there is no phase out of the exemption, regardless of your adjusted gross income.

Standard Deduction

Standard deduction rates for 2010 are as follows:

Single	\$ 5,700
Married filing separately	\$ 5,700
Married filing jointly	\$11,400
Qualifying widow(er)	\$11,400
Head of household	\$ 8,400

(Note that standard deduction for blind persons and for individuals who are ages 65 and older are proportionately higher.)

Earned Income Credit:

A credit may be available to those whose adjusted gross income is less than a specified amount:

For 2010, the maximum credit you can receive is:

- \$3,059 if you have one qualifying child, and your adjusted gross income is 35,535 or less; \$40,545 if married filing joint.
- \$5,036 if you have two qualifying child, and your adjusted gross income is 40,363 or less; \$45,373 if married filing joint.
- \$5,666 if you have more than one qualifying child, and your adjusted gross income is \$43,352 or less; \$48,362 if married filing joint.
- \$457 if you do not have a qualifying child, and your adjusted gross income is \$13,460 or less; \$18,470 if married filing joint.

Use Refund to Buy U.S. Series I Savings Bond

You can now receive up to \$5,000 of U.S. Series I Savings Bonds as part of your income tax refund without setting up a TreasuryDirect Account. In multiples of \$50, you can request a deposit of your refund to buy U.S. Series I Savings Bonds. The bonds will be issued in your name (or both you & spouse if filing joint), and you will receive the bond in the mail.

Standard Mileage Rate:

Beginning on January 1, 2010, the federal mileage rates used for deductions were:

- Business miles 50 cents/mile
- Medical reasons 16.5 cents/mile
- Moving 16.5 cents/mile
- Charitable services 14 cents/mile

Beginning on January 1, 2011, the new federal mileage rates are:

- Business miles 51 cents/mile
- Medical reasons 19 cents/mile
- Moving 19 cents/mile
- Charitable services 14 cents/mile



Alternative Motor Vehicle Credit:

The Alternative Motor Vehicle Credit is still available for 2011 on the purchase of qualified fuel cell vehicles and plug-in electric vehicles. For 2010, the credit may also apply to purchases of qualified hybrids, lean burn technology vehicles, and alternative fuel motor vehicles. The credit is based on the make and model of the vehicle.

Exclusion of Gain from Sale of Principal Residence:

Although there is a hefty exclusion (\$250,000 for single, or \$500,000 for joint filers), a partial exclusion of gain may have to be calculated for principal residences that had periods of nonqualified use (such as rental property or a second home). There are exceptions for military service, health problems, change of employment, or other unforeseen circumstances.

“First-Time” & “Long-Time Resident” Homebuyer Credit:

Depending on when you purchased a new home in 2010, there may be a credit available to you.

If you purchased your home between January 1, 2009 and before May 1, 2010 (before October 1, 2010 if you entered into a written binding contract before May 1, 2010, to close on the purchase before July 1, 2010), then you may be eligible to receive a credit of up to \$8,000 if you qualify as a first-time homebuyer.

A first-time homebuyer is an individual (and if married, their spouse), who had no present ownership interest in a principal residence in the prior three-year period ending on the date of the new home purchase.

Note: Upon marriage, you take the status of your spouse. So if one spouse would have qualified if single, whereas the other spouse is selling their principal residence, both husband and wife are considered to be current owners of the principal residence and would not qualify for the credit.

If you have owned a home for at least five consecutive years of the eight-year period ending on the date of purchase of a new principal residence, you may qualify for the “long-time resident credit.” If you purchased a new home between November 6, 2009 and May 1, 2010 (before October 1, 2010 if you entered into a written binding contract before May 1, 2010, to close on the purchase before July 1, 2010), you may receive a credit of up to \$6,500.

The credit does phase out for taxpayers with modified adjusted gross income beginning at \$125,000 (\$225,000 for joint filers), depending on when you purchased.



Losses From Ponzi Investment Schemes:

If you have losses resulting from a declared Ponzi Investment Scheme, those losses may qualify as a casualty or theft loss not subject to the normal casualty floor rules. You may be able to carry back those losses up to 5 years.

Personal Energy Credits:

A credit may be available for energy efficient improvements and/or appliances purchased for your principal residence. Items that may qualify included insulation material designed to reduce heat gain or loss in your home, exterior windows, exterior doors, metal or asphalt roof designed to reduce heat gain, certain electric heat pumps, central a/c's, or appliances that use natural gas, propane or oil. This credit is equal to 30% of the cost up to \$1,500 in 2009 and 2010.

Credits also may be available for qualified solar electric property, solar water heating property, fuel cell property, small wind energy property, and geothermal heat pump property installed in your home. The credit amount varies.



Gambling Winnings & Losses:

With the popularity of gambling, it is important to remember that your gambling winnings are to be included in income. You are able to get an itemized deduction for your gambling losses to the extent of your gambling winnings. So save your receipts!!

Tax-Exempt Interest

State and local governments are required to report interest paid on tax-exempt state and local bonds on Form 1099-INT. These amounts will need to be reported on your tax return for informational purposes, and may affect certain calculations.

Retirement Savings Plans:

Limit on elective deferrals – In 2011, the maximum amount of elective deferrals under a salary reduction agreement that can be contributed to a qualified plan remains at \$16,500 (\$22,000 if you are age 50 or over). However, for a SIMPLE plan, the amount remains at \$11,500 (\$14,000 if you are age 50 or over.)

IRA deduction– In 2011, the amount you may be able to deduct as an IRA contribution remains at \$5,000 (\$6,000 if age 50 or older at the end of 2010.)

These deductions may be limited, depending on your income and whether you are a participant in another type of retirement plan.

*And speaking of IRA's and pensions, one of our partners, Scott Shulman, is registered to sell investments through his affiliation as a Registered representative with Genworth Financial Securities Corp. *** and is qualified to help you set up an IRA or other retirement plan.*

*** Investment and insurance products distributed by Genworth Financial Securities Corp., member FINRA/SIPC and a licensed insurance agency (dba Genworth Financial Securities and Insurance Services in CA); investment advisory services are offered through Genworth Financial Advisors Corp., a SEC Registered Investment Advisor. Home offices at 200 N. Martingale Rd., Schaumburg, IL 60173; phone 888-528-2987. Accounting and tax services offered solely through Lundy & Shacter, P.A., which is not affiliated with Genworth Financial Securities Corp. or Genworth Financial Advisors Corp.



Verify Beneficiaries

Make sure to verify who your beneficiaries are on your retirement plans. It may have been a while since you've last updated your beneficiaries.

ITEMIZED DEDUCTIONS:

Note: For 2010, there is no limitation on the amount of overall itemized deduction, regardless of the amount of your adjusted gross income.

Deductible Medical Expenses:

A deduction is allowed only for expenses paid for the prevention or alleviation of a physical or mental defect or illness. Medical care expenses include payments for the diagnosis, cure, mitigation, treatment, or prevention of disease, or treatment affecting any structure or function of the body. The cost of drugs is deductible only for drugs that require a prescription, with the exception of insulin.

Medical expenses include fees paid to doctors, dentists, surgeons, chiropractors, psychiatrists, and psychologists. Also included are payments for hospital services, qualified long-term care services, nursing services, and laboratory fees. A portion of nursing home expenses may qualify as well. Payments for acupuncture treatments or inpatient treatment at a center for alcohol or drug addiction facility are also deductible medical expenses. You may include amounts you paid for participating in a smoking-cessation program and for drugs prescribed to alleviate nicotine withdrawal. However, you may not deduct amounts paid for nicotine gum and nicotine patches, which do not require a prescription. You may deduct the cost of participating in a weight-loss program for a specific disease or diseases, including obesity, diagnosed by a physician. You may not deduct the cost of purchasing diet food items. In addition, you may include expenses for admission and transportation to a medical conference relating to the chronic disease of yourself, your spouse, or your dependent (if the costs are primarily for and essential to the medical care). However, you may not deduct the costs for meals and lodging while attending the medical conference.

The cost of items such as false teeth, prescription eyeglasses or contact lenses and supplies, laser eye surgery, hearing aids, crutches, wheelchairs, and guide dogs for the blind or deaf are deductible.

Also deductible are: the costs of birth control pills prescribed by a physician, an abortion or a vasectomy; payments for psychiatric treatment of

sexual inadequacy; the costs of fertility enhancement procedures if incurred in connection with in-vitro fertilization or surgery (if diagnosed infertile); costs incurred to obtain donated eggs, including donor, agency, testing and legal expenses.

These medical expenses could be incurred by the taxpayer, their spouse, and their dependents, including a person they claim as a dependent under a multiple support agreement, in which they can deduct the expenses they incurred.

Beginning in 2011, medicine or drugs must be prescribed to qualify as a medical expense for Archer M.S.A., H.S.A., and H.R.A. purposes (whether or not over-the-counter). Insulin does not need a prescription to qualify. Any premature distributions not used to pay for qualified medical expenses are subject to a 20% additional tax.



Qualified Mortgage Premiums:

Premiums paid through 2011 for Qualified Mortgage Insurance in connection with home acquisition debt on your qualified home are deductible as home mortgage interest in the year they were paid. The deduction is phased out by 10% for those with adjusted gross income of \$100,000 or greater (\$50,000 if married filing separately).

Sales Tax Deduction:

The sales tax deduction has been continued through the 2011 tax year. As an itemized deduction, you may deduct the greater of state income tax or state and local sales tax paid throughout the year. If you choose not to itemize your sales tax items, the IRS has a standard amount that can be deducted, which can be combined with the sales tax on the purchase of a motor vehicle, home, and home building materials.

Charitable Contributions:

Monetary contributions must be supported by a dated bank record (such as a canceled check or credit card statement) or a dated receipt.

The donor must ask the donee organization (who must comply) for the following written disclosures:

- 1) Cash and/or property donations, valued at \$250 or more:
 - a. The amount of cash donated and/or the description of goods donated. (The donee does not assign the value of the donation.)
 - b. A statement as to whether the donee did or did not provide any goods or services* in exchange, in whole or in part, for any cash or property donated.
 - c. If goods or services* were provided, the donee must provide a description and a good faith estimate of the value of same.
- 2) Donations of more than \$75 that were given in consideration, in whole or in part for goods or services* provided by the donee:
 - a. The donee must inform the donor that the allowable deduction is limited to the cash payment in excess of the value of goods or services* received.
 - b. The donee must provide a good faith estimate of the goods or services*.

**Purely intangible religious benefits are excluded.*

If you are 70 ½ or older, you can make tax-free distributions to a charity from an IRA account of up to \$100,000 per taxpayer, per year.



Charitable Contributions of Vehicles:

If a vehicle is donated to a qualified organization and the value is over \$500, the taxpayer must receive a Form 1098-C or a similar written acknowledgement of the contribution. This acknowledgement should provide specific details of the vehicle including VIN#. The use of the vehicle, whether sold to an unrelated party, or kept for organizational use should be indicated.

If the vehicle is kept to further the charitable organizations purpose, the fair value of the vehicle may be deducted. If the charity sells the vehicle to an unrelated party below fair market value, then your deductible amount cannot exceed the gross proceeds the charity received.

OTHER TAX MATTERS:

Child Tax Credit:

For working parents, the maximum child tax through 2012 is \$1,000 for each qualifying child. This credit is reduced when the taxpayer's adjusted gross income exceeds \$75,000 for single, head of household and qualifying widow(er); \$110,000 for married persons filing jointly; and \$55,000 for married persons filing separately.



Adoption Credit:

The maximum credit available for adopting in 2010 is limited to qualified adoption expenses of \$13,170. A credit of \$13,170 is available, regardless of expenses, for the adoption of a child with special needs. The credit will increase to \$13,360 for 2011.

If you are in a qualified adoption assistance program with your employer, you may be able to exclude up to \$13,170 from your gross income.

The credits above are phased out for those with modified adjusted gross income between \$182,520 and \$222,520.

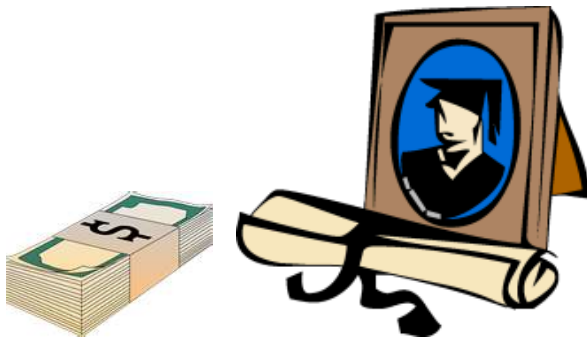
Home Office Deductions

You may be entitled to a home office business tax deduction if the space you use for your home office is used exclusively and regularly as a principle place of business that you either meet with clients regularly in this location or use it to store solely business assets or supplies.

You CAN NOT claim your living room that you happen to do some work out of, as a home office. The area that you designate has to be exclusively for business use only!

If you qualify, you may deduct the proportionate amount of home expenses (property taxes, mortgage interest, insurance, electric bill, etc.) that the size of your office is compared to the size of your home. (Ex: for a 10' x 10' office, in a 2,500 sq ft home, you may take 4% of your home expenses as a business tax deduction.

EDUCATION CREDITS



These credits can be used by parent or dependent

American Opportunity Credit – Education:

The American Opportunity Credit, which is a modification of the Hope Scholarship Credit, is \$2,500 for most taxpayers. This credit applies to qualified tuition and related expenses (including fees and course materials) in the first four years of a student's postsecondary education (such as universities, community colleges, and vocational schools that are eligible to participate in a student aid program administered by the Department of Education).

Lifetime Learning Credit

The lifetime learning credit is available if a student is enrolled in one or more courses at a qualified educational institution. The maximum lifetime education learning credit remains at \$2,000 for 2010.

Note that all education credits are subject to be phased out with modified adjusted gross income beginning at \$102,000 if married filing joint (\$51,000 if single).

Interest on Student Loans:

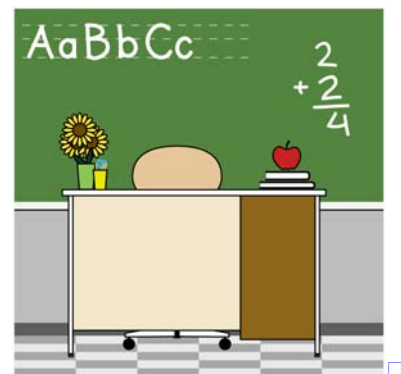
The maximum deduction for interest paid on a qualified student loan remains unchanged at \$2,500 for 2010 for those with modified adjusted gross income of \$120,000 or less if married filing jointly, and is phased out through \$150,000 (\$60,000 through \$75,000 if single).

Qualified Education Expenses:

Continuing through 2011, depending on the total of your adjusted gross income, you may be entitled to deduct up to \$4,000 of "qualified education expenses"... "Above the line" (not an itemized deduction). NOTE: If courses are dropped, and the tuition is refunded, you must adjust your total education expenses for the refund.

Educator Expense Deduction:

Eligible educators may deduct up to \$250 of qualified expenses paid in 2010 as an adjustment to gross income rather than as a miscellaneous itemized deduction. If you and your spouse are both eligible educators, the maximum deduction is \$500. This deduction has been extended through 2011.



Late Filing Penalty on Business Returns:

The IRS has begun assessing a late filing penalty on Partnership Tax Returns (which includes LLCs) and S-Corporation Tax Returns. The penalty is \$195 per month multiplied by the number of partners/shareholders if the return is filed after the due date (including extensions). Late filing of a Fiduciary Tax Return may result in a \$50 penalty per beneficiary receiving Schedule K-1.

If you have any new businesses that started in 2010, be sure to let our office know about it before February 15, 2011.

Are You Current On All Of Your Florida Tax Obligations?

The State of Florida offers a “Voluntary Disclosure” program for people who may owe State tax, such as Sales Tax or Unemployment Tax. If you think you may have an undisclosed tax liability, and if you act before the State inquires about it, you have the opportunity to disclose the liability and avoid penalties (i.e. pay the tax and interest only) for the three years immediately preceding the postmark date of filing the “voluntary disclosure.”

Year 2011 State of Florida Annual Reports

To all corporations and limited liability companies and limited partnerships, please help us maintain your active status with the State of Florida.

ALL Florida Annual Reports must be filed electronically at www.sunbiz.org before May 1st. **Preprinted annual reports are no longer available.** If you would like us to file the Annual Report on your behalf, please provide us updated officer information and address, as well as your credit card info for payment of the annual fee.

Engagement Letters:

Our accounting institutes and insurance carrier have been pressuring us to start issuing engagement letters for a while now. Accordingly, starting this year, we will be sending you engagement letters. The purpose of an engagement letter is to disclose our mutual responsibilities to each other. When you receive this letter, please sign and return it, keeping a copy for your records as well.

Helpful Request:

During tax season, we spend a lot of time, copying your documents:

We ask that you either:

- Email scanned copies
 - Copy your records for us before sending them
- OR
- Indicate that we may either keep your originals in our files, or scan and destroy them afterward.

If requested, we will return them to you at the completion of our engagement.

This will save us time and you money on preparing your income tax returns.

!! IMPORTANT !! POTENTIAL RED FLAG



S-Corporations and Salaries:

The IRS is looking at S-Corporations whose shareholders, that are active in the business, are not receiving reasonable salaries.

Whereas earnings from sole proprietorships and some partnerships are subject to self-employment tax, S-corporations are not. Failure to establish a salary and pay employment taxes may be deemed by the IRS to be tax avoidance.

If you are taking large distributions, and little to no salary, the IRS may view that as an issue to investigate.

We can help guide you with determining a reasonable salary.

Helpful Phone Numbers :

Internal Revenue Service –

Individual Assistance (800) 829-1040
Business Assistance (800) 829-4933
Refund Tracking (800) 829-4477
Obtain Federal ID # (800) 829-4933

Florida Dept. of Revenue –

All Florida Taxes (800) 352-3671

Social Security Administration –

(800) 772-1213

Lundy & Shacter, P.A.

In Broward County (954) 452-0100
Outside Broward (877) 249-1040
Fax (954) 452-0855

**ALL OF US AT LUNDY & SHACTER, P.A.
APPRECIATE YOUR BUSINESS AND
WISH YOU A HAPPY, HEALTHY, AND
PROSPEROUS NEW YEAR!!!**

Rick Lundy, CPA

Barry Shacter, CPA

Scott Shulman, CPA

David Kaplan, CPA

Chris Bradley, Bookkeeper

Alan Garber, CPA

Rebeca Gavilondo, Bookkeeper

Ken Halperin, CPA

Gina Hamilton, Bookkeeper

Inesha Johnson, Bookkeeper

Donna Mayo, Receptionist

Dorrie Petermann, Office Manager

Kathy Rath, Bookkeeper

Marge Slocum, Bookkeeper

Debbie Smith, Bookkeeper

Sabine Thermidor, Bookkeeper

