

JUNE 2006



MURPHY
FINANCIAL
SERVICES, INC.

Tax & Financial Guide

Business and Personal ACCOUNTING, TAX,
SOFTWARE & FINANCIAL PLANNING SERVICES

Tax Filing Extensions May Cost More

The Internal Revenue changed the extension process this year. In the past there was an automatic first extension, which gave you until August 15 to file your taxes. Then you could get a second extension, if the IRS granted it, to file your taxes by October 15.

Effective for the 2005 tax returns, there is only one extension which gives you until October 15 to file your taxes on a timely basis. With an extension, the taxes were still to be paid by April 17.

Since people like to procrastinate, having two extensions helped us motivate our clients to get their tax information in to our office. I am afraid with only one extension, there will be too many clients that will wait until October to bring us their records. So I had to come up with an incentive to motivate people. I'll now give everyone until July 7, 2006 to get their 2005 tax information in to our office without any late fees.

Added Fees

Effective July 8, 2006 through August 7, 2006, clients bringing in their tax records will be subject to a 25% additional charge to have their 2005 tax returns prepared. Clients bringing in their tax records from August 8, 2006 through September

7, 2006 will be subject to a 50% additional charge to have their 2005 tax returns prepared.

Finally, clients bringing in their records between September 8, 2006 and October 7, 2006 will be subject to a 75% additional charge to have their 2005 tax returns prepared. After October 7, 2006, the sky's the limit!

Since I have over 100 tax returns on extension, I wanted to find a way to give everyone a chance to pay my normal rates. I can't get 100 tax returns done in a week and this is my effort to motivate you to bring in your records. You are getting almost three months beyond the original due date to supply me with the necessary information.

I will plan on seeing you within the next five weeks!



Second quarter tax estimates are due June 15, 2006.

If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by June 10, 2006.

Please call our office to discuss any of the items in this newsletter that may pertain to you.



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Business Yellow Pages and QuickBooks

If you get solicitations in the mail from various yellow pages providers, they are not for listings in the telephone book we all receive, which is produced by SBC. Call them if you want to advertise in the yellow pages. They also place their yellow pages online.

Another possibility is the Milwaukee One book. They say they deliver a book to each household and business.

The other companies are collecting money from businesses who think they are advertising in the yellow pages. Those companies only have to produce one telephone book in order for their advertising to be legitimate. You want to invest your advertising money more effectively than that.

If you use QuickBooks Basic, QuickBooks Pro, or any other version of QuickBooks, you will get annual notifications from them that you need to upgrade your software. Unless you do your payroll in QuickBooks, you don't have to update. I have clients that are still using QuickBooks 2000 and it works fine.

Valuable Tax Bill

There is a bill in the senate that we would really like to see pass: the Taxpayer Protection and Assistance Act of 2005 (S.832). It would greatly protect taxpayers from incompetent and/or corrupt paid preparers. It is not too late to write your senator.

Unfortunately, a lot of paid tax return preparers are incompetent. But there are no licensing requirements to protect taxpayers from them. When the IRS audits your returns and finds errors, these inadequate tax preparers rarely stand behind their work

and you can be subject to additional taxes, interest, and penalties.

This bill would require tax preparers to be licensed, thus protecting unsuspecting taxpayers.



Murphy Financial Services, Inc. web site is at www.murphyEA.com. If you misplace your newsletters, or your information sheets that I have given you (i.e. contributions, enrolled agents, etc.), you will be able to find them on the web site.

Please note that our e-mail address is: info@murphyea.com.

PRIVACY POLICY

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information only to IRS or state authorities and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.

Noteworthy News

Office Space... We have office space available for rent in our office suite at 7200 W. Center St. Rent includes one room with a desk, DSL, fax machine, and use of a copier. This office is ideal for a sales rep, consultant, someone who doesn't want to work from home, or who needs limited office space and doesn't want to invest in office equipment and furniture. Contact me for more information.

Job Listings... We are going to try something new on our website. If you know of an available job, let me know and I will post it on the Murphy Financial Services website. If you need a

job, tell me and I will post that on the website. No names will be listed, just the type of jobs available or needed. So many times, in our economy, it seems to be more important who you know than what you know. If the Murphy Financial Services clientele can help each other, it will make us all a little better off.

College Scholarships... If you have children thinking about college, make sure they register at www.fastweb.com and www.scholarships.com. Those sites will e-mail information regarding available scholarships, a great way to keep tabs on potential college money. Students

Timely Planning

In 2005 I advised you to put together your evacuation box, and have a will and medical power of attorney prepared. I hope you did a better job than I did.

I recently had a scare with one of my electrical circuits. Smoke poured from the outlet as the wires melted. When I calmed down, I realized I have been living with a "do as I say, not as I do" policy. I didn't have *my* evacuation box prepared. I am working on one now and encourage you to do the same. Remember to get your will and medical power of attorney prepared also.

If you need a reminder of the things to put in your evacuation box, go to our website to get copies of past newsletters.

shouldn't wait until they're going to college. High school juniors should sign up to get an early start on finding money for college.

Third Walk... I will be doing my third 60 mile three-day walk for breast cancer in September in Chicago. Several Glencastle Irish Dance moms will be walking with us. And we hope to get Kamala to join us again.

We are looking for donations to help us meet the required fundraising amount. You can send or bring checks or cash to the office, or we can tell you how to make donations online by charge card. We appreciate any help you can give us.



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