



Tax & Financial Guide

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

Make Sure You Get Your Refund

The IRS has its annual problem. It has refund checks worth over \$153 million for nearly 100,000 taxpayers. But most of them are people who file their tax returns and then move before they get their refund.

If you file electronically and request a direct deposit, this situation normally doesn't occur.

If you or others missed a tax refund, contact the IRS at www.irs.gov. Click on the "Where's My Refund" box, then follow the directions. To do the same thing by phone call 1-800-829-1954.

Get Your Lottery Credit Too

When you look at the real estate tax bill for your personal residence, make sure there is a lottery credit. Each year we find a number of tax bills *without* a lottery credit, more often on condos than houses. If you didn't get your lottery credit, we can give you the paperwork needed to get it.

Last year, there was a real estate tax bill that used to

have the lottery credit on it. But because the homeowner changed the mailing address, the municipality removed the lottery credit. They assumed the owner was no longer living there.

You are entitled to a lottery credit for your personal residence so let's make sure you get what you have coming to you.

Free State Photo IDs For Voting

Beginning with the February 2012 elections, to vote you will need a proper ID. That can be a valid Wisconsin driver's license, Wisconsin identification card, a US uniformed service ID, US passport, certificate of naturalization issued within two years of the election date, identification card issued by a federally recognized Indian tribe in Wisconsin,

or a photo ID from the Department of Transportation (DOT).

Unfortunately, DOT created much confusion by choosing not to tell people they could get a **free** photo ID strictly for voting. There are other IDs for which you must pay a fee, but the new voting IDs are **free**.

If you need one, make sure you tell DOT you want the free photo ID to vote. Tell other people too that they can get a free photo ID at DOT offices.

HSA Improvement

Wisconsin has finally decided to treat Health Savings Accounts the same as the IRS does. This means you can now deduct contributions on your taxes or from your payroll and you don't have to pay taxes on the interest your account may earn. HSAs are great because the money you set aside is used to pay your medical expenses, and is pretaxed.

Most taxpayers cannot deduct medical expenses on their tax returns because the expenses must be over 7.5% of their income. The money contributed to an HSA is not subject to taxes which saves you money. If you have the opportunity to set up an HSA and need more information, contact our office.

Survival Kit

Since winter is here, it's a good idea to have items in your car that could save you in case of an accident or being stranded: A blanket, extra boots or gloves, a small shovel.

The Wisconsin DOT came up with an ingenious list of items, fitting in a three pound coffee can, to keep you temporarily warm and safe while searchers look for you.

Of course accidents only happen to the other guy, right? If you're interested in the survival kit, call our office.

Fourth quarter tax estimates are due January 17, 2012.

If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by January 10, 2012.

If you itemize, you may want to pay your state estimate by December 31, 2011.

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



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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:
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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.

Tax Tips

Mileage Rates for 2012 will remain the same as mileage rates for the second half of 2011. Business is 55.5¢ per mile, medical and moving 23¢ per mile, and charitable 14¢ per mile. For 2011 mileage deductions, remember you need deductible mileage (business, medical or moving) separated for both halves of the year. When you give us your tax records, we need both those numbers as well as total miles on your vehicle for the entire year.

Businesses in 2012 must classify income by charge card income and cash/check income. These two amounts will need to be reported separately on your 2012 tax return.

Social Security

Did you know that over 40,000 people have used the same social security number since 1938? Years ago, a picture with a social security number was put in a wallet sold by Woolworths. Hilda, the original owner of that number, had to get a new social security number because all those people were using hers for their tax returns.

Talk about identity theft! It would have been interesting to see how much she could collect

Business Owners Can Hire their under 18-year-old children and the pay is exempt from FICA. This is a great way to reduce business expense and keep the money in the family. The children must actually work for the money they are receiving. This is allowed whether the business is a sole proprietor or an LLC.

A New Business Credit rewards businesses that hire unemployed veterans. The credit amount depends on how long the vet has been unemployed. The credit can be 40% of the first \$14,000 of wages for a vet out of work for six months in the year they were hired, or 40% of the first \$6,000 of wages for vets out of work at least four weeks but less than six

in social security since those 40,000 people would have had their income recorded in her social security account.

Check your social security records at least every three years. If there is an error in your account, you can only go back three years. In the past couple years, I have had clients discover there were mistakes in their accounts. But because it was over three years, they could not correct the records. These mistakes could cost you money when you begin collecting social security.

months. The veteran had to start working after November 21, 2011 and before January 1, 2013.

University Employees who quit or were let go after working a number of years for the university and were then hired back as a contractor, *Be Careful*. There are specific rules for deducting any expenses you have as a "contractor". You need to know the tax implications before rejoining the university.

Start Now to gather receipts and cancelled checks for your tax deductible expenses instead of waiting until later. Two benefits: You reduce the stress of the last minute rush. You give yourself a little more time to find more money-saving tax deductions.

The 2% rate cut for employee's social security tax expires at year end. We are hoping that the rate cut (or possibly an increased cut) will be renewed for 2012. If it expires, your paychecks will be reduced. It appeared that employers might also get a rate cut for their share, but the Republicans won't budge. So employers and self-employed people will continue to pay the higher rate.



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