

# Tax & Financial Guide

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

## New Office Location

Murphy Financial Services, Inc. has found a new home. Beginning September 17th we will be located at 11716 West Bluemound Road, Wauwatosa. We decided to relocate since it was difficult for some of our clients to negotiate the steep steps at our office. We found a duplex that is centrally located, gives us an office on the first floor, and is easy to get to.



We're just over a mile west of Hwy. 45 on Bluemound Road. If you prefer to take I-94, we are just about a mile from the Hwy. 100

exit ramp. Get off I-94 and go north to Bluemound. Turn left at the intersection and go nine blocks. It is on your right.

Our telephone number will stay the same.

## Open House

We will be having an open house at our new office on Friday, October 1, 2004 from 1pm to 8pm.

We invite you to come and check out our new office.

Join us for snacks and beverages. Plus there will be a drawing for several prizes.

**Third quarter tax estimates are due September 15, 2004. Get your income and expenses to our office by September 8, 2004.**

## Tax Tips

**Save the Paperwork.** When you purchase stocks, bonds, or mutual funds make sure you save your paperwork documenting the purchases. If you have dividends reinvested, keep your year-end statements showing the activity for the year. Tax preparation in later years could be very difficult without them. If you aren't sure what documentation to keep, please bring it with your tax information so we can let you know.

Dividends that are reinvested purchase additional shares of the stocks or mutual funds. This increases the cost of the shares you own. If you do not include these costs, you pay taxes on the dividends twice.

**Charitable Deductions.** In 2000 and 2001, more than 20 million Americans deducted non-cash charitable donations. When you donate your unwanted items, make sure you make a list of what you donat-

ed. Then, put a value on each item.

While most taxpayers realize that their donations of clothing, toys, household items, etc. are tax-deductible, many don't take advantage of this deduction because they don't know how to value these items. If you need help, we have a listing of assigned values in our office.

**Possible Refunds.** According to the IRS there are millions of taxpayers who did not file income tax returns for 2001 and 2002 because their income level was too low to require filing. Many are due a refund because tax was withheld or paid, or they qualify for the Earned Income Tax Credit.

If you know anyone who hasn't filed their 2001 or 2002 tax return, send them to me to prepare their returns. They may have refunds awaiting them.

**Gift Certificates.** When you are Christmas shopping this year, don't forget Murphy Financial Services gift certificates. If your friends or

relatives are our clients, present them with a gift certificate to use toward having their tax returns prepared. For friends or family members who should have us prepare their tax returns, gift certificates are a great way to get them started.



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



**Sharon L. Murphy, EA**

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## Gambling Deductions

*Murphy Financial Services, Inc. has a new web site. The address is [www.murphyEA.com](http://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.*

You can deduct gambling losses up to the amount of your winnings. The catch is, you must itemize your deductions in order to benefit from the losses. If your deductions collectively are too low to benefit from itemizing, your gambling deduction is buried in your standard deduction.

Gambling establishments are required to provide documentation to both the IRS and the winner. The documentation varies depending on the type of winnings. Some winnings are subject to income tax withholding when they exceed \$5000.

To substantiate gambling activities, the IRS requires an accurate diary or similar record regularly maintained by you along with verifiable documents to back up the entries. You must list date and type of wagering activity or specific wager, name of gambling establishment, address or location of gambling establishment, name(s) of other person(s), if any, present with you at the gambling establishment, and amount(s) won or lost.

Wagering tickets, scratch-off tickets, canceled checks, credit records, ATM withdrawals, bank withdrawals and statements, actual winnings or payment slips provided by the establishment, Forms W-2G, and other IRS documents may be used to verify the diary. If you travel away from home, hotel records can help to place you at the scene of the winnings or losses.

Specific documentation varies. For Keno, copies of validated Keno tickets that you have purchased, copies of casino credit records, and copies of your casino check cashing records are required. The date and time the machine was played as well as the number on the winning machine should verify slot machine winnings.

Table games are substantiated by giving the number of the table where the winning occurred as well as information telling whether you used the credit from another table, or whether it was cashed in at the cashier's cage.

Racing winnings are backed up by a record of all wagers made, amounts collected, and amounts lost on losing tickets. It's probably not a good idea to have a lot of losing tickets with footprints on them!

Documentation is important because the IRS has made it clear that enforcement of tax laws is a primary objective. More audits are currently taking place. To win an audit, you must be prepared with the proper documents to back up your deductions. Protect yourself by keeping good records.

If you are part of a group that pools resources to buy lottery tickets, you must give all the names and identification numbers of the winners to the redeeming agent if your group wins. If you do not identify the group members, the Form W-2G will be issued to the name of the person who presented the winning ticket. That person will be responsible for the taxes on the winnings



## Walk Will Fund Breast Cancer Research

I will be out of the office from Wednesday, October 6, 2004 through Monday, October 11, 2004. I will be in Los Angeles walking 60 miles to fight breast cancer October 8-10.

My cousins have been doing the Breast Cancer three-day walk for several years and I have been happy to sponsor them. This year I decided I would take the challenge. My daughter, Kami, has decided to join me in the walk. We are both going to conquer the 60 miles.

*Now, for the begging part!!*

We have one more challenge to take on. In order to do the walk, each participant needs to raise \$2000 in donations. Kami and I are looking for sponsors to help us reach our minimum fundraising requirement of \$4000. We will have to pay for our travel costs so we are hoping to meet the \$4000 donation level. We would appreciate your help, no matter how small or large.

Make checks payable to **Breast Cancer 3-Day**.

Please mail or drop off your donations to:  
Sharon Murphy  
11716 W. Bluemound Rd.  
Wauwatosa, WI 53226

Remember, your donations are tax deductible and will help support a very worthwhile cause.

Thank you for your support.

### 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.



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