

Tax & Financial Guide

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

Health Care Coverage Coming?

It's all over the newspapers, magazines, television, internet, everywhere. We are going to get new health care options. I recall several former presidents saying the same thing.

At some point, we may get new health care plans. They may or may not be tax deductible. They may be taxable benefits if your employer is paying for them. They may have no tax affect at all. Unfortunately, until something is

passed and all the options have been weighed, we won't know how they will affect your tax returns.

Since the health care plans have been a work in progress (or no progress), we will report to you when decisions have been made and the final product is ready. In the meantime, if you want to have a say in the matter, call or email your legislators and let them know how you feel.

Why Choose A Licensed Tax Preparer?

Regulation of unlicensed tax return preparers is moving closer to reality. The IRS may offer options by year end. Enrolled Agents, CPAs, and lawyers who prepare returns have continuing education requirements as well as licensing regulations.

The IRS has been reviewing tax returns signed by unlicensed tax preparers. Many of the returns include errors. Some tax preparers don't even sign the returns. Other tax preparers who used to sign returns have stopped signing them, hoping the IRS won't find them so they can avoid licensing and regulation.

Since these preparers are required by law to sign all their returns, they are not only breaking the law but also making it difficult for their tax clients to have any recourse

when tax return problems occur.

Tax return preparers are licensed to protect taxpayers. As it stands now, anyone can prepare tax returns. Without licensing, taxpayers have no guarantee that preparers even know the tax code or prepare tax returns according to code.

If you know anyone still hiring a paid tax preparer who doesn't sign their return, let them know that they could have problems with their return. They should go to a tax preparer who stands behind his or her work and signs the return.



New COBRA Health Insurance Subsidy Reduces Cost of Program

The Economic Stimulus law greatly reduced the cost of COBRA health coverage for those who lose their jobs. COBRA is the program allowing discharged employees to keep the health insurance plan provided by their former employer.

With COBRA, the former employee had to pay 100% of the premium, but now terminated employees and their families who qualify are eligible for substantial federal subsidies from 9/1/2008 through 12/31/2009. Those eligible pay only 35% of the premium. Income limitations apply.

The new subsidy may allow laid off workers to retain affordable health insurance until finding a new job offering coverage. If you have questions, contact us for details on the program.

Remember To Call Our Office Regarding:

- Death
- Retirement
- Buy Or Sell A Business
- Buy Or Sell Rental Property
- Marriage Or Divorce

Third quarter Federal and State tax estimates are due September 15, 2009.

If you want us to prepare them for you, we need your income, deductions and withholding amounts in our office by September 10, 2009.

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



Sharon L. Murphy, EA

11716 W. Bluemound Rd.
Wauwatosa, WI 53226

Phone: 414/453-8655
Fax: 414/453-6396

Email: info@murphyea.com
Web site: www.murphyea.com

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.

First Home Credits Slow IRS Process

Many people who purchased a first home can take a credit on either their 2008 or 2009 tax return. Most eligible people have opted to amend their 2008 tax return to get the tax credit refund much sooner.

This has created a big problem for the IRS. The number of amended tax returns has risen dramatically, and the IRS is spending more time check-

ing 2008 returns to catch those that are fraudulent. Since the IRS sent out millions of dollars for fraudulent 2007 tax returns, they don't want to make the same mistake again.

This change in their amended tax return procedure has added four weeks to the IRS processing time. Now you will have to wait 12 to 16 weeks for your refund.

Custodial Parent Change May Cause Problem

A tax regulation change may cause problems. Custodial parents can now unilaterally revoke an earlier release allowing the noncustodial parent to claim the dependent. The revocation can be made with or without cause and can directly oppose any agreements made and included in the divorce papers.

This could be a nightmare for divorced or separated parents of dependents. As usual, the IRS doesn't seem to care that people divorce because they do not get along. The IRS continue to give them fodder to keep punishing each other.

Also Of Note

We still need to hear from you regarding delivery of our newsletters. We now send them via either email or mail. Please let us know which you prefer if you haven't already done so.

We will also send tax organizers by email. We haven't yet heard from you whether you like this method. Please let us know before November 1, 2009.

Stay tuned for information regarding a possible new home for Murphy Financial Services, Inc. We will let you know as soon as things are finalized. Right now we plan on having an open house in December.

Roth IRA Benefits

More people will move their traditional IRA money to a Roth IRA in 2010 because there are many advantages. Included are: There will be no income limitation restricting this option....

The tax liability is spread out over three years....There are no minimum distribution requirements when you turn 70 1/2 like traditional IRAs.... If the tax rates increase (as projected), your distributions will not be taxable at this higher rate.



“The difference between death and taxes is death doesn't get worse every time Congress meets.”

Will Rogers



11716 W. Bluemound Rd.
Wauwatosa, WI 53226

414/453-8655