

NOVEMBER 2010 NEWSLETTER

'Twenty-Ten" is almost over. Of course, this makes you immediately think that we are going to nag you about year-end tax planning. Again. In our defense, not only is there more information in this current Tax Report about tax planning, but in addition there are articles on the Health Reform Law, New 1099 Rules, Selling Stock, Section 179 Depreciation, Medicare donut holes, and Holiday Parties. And you were thinking that tax planning was not fun!

The scheduled expiration of the 2001 Tax Law on December 31, 2010 will raise tax brackets on income, qualified dividends, and estate taxes. Review some positive moves you can possibly make to soften the blow:

- Pay out excess C-Corporation earnings as dividends before year-end. The maximum tax rate on qualified dividends will increase from 15% to 39.6%.
- Convert your traditional IRA to a Roth IRA.
- Recharacterize a Roth conversion made in 2010 if you will have to pay tax on value you no longer have.
- Use Federal Savings Account monies to stock up on over the counter medications.
- Withdraw any Coverdell education money for covered education expenses.
- When selling stock, specify which specific acquisition dates and costs you wish to sell.
- Make a tax deductible donation for 2010 on a charge card that you will pay in 2011.
- Finally, have your business give a company holiday party. The full cost for employees and guests is tax deductible (including donut holes-the kind with sprinkles!)

Call us if you need a copy of the newsletter mailed to you. As always, we are here to help you address any tax and business concerns.

We are truly thankful for all our clients and business associates, and wish you all an abundant and appetizing Thanksgiving. Happy Thanksgiving.

Sincerely,

John W. Trudell, CPA