



# ***Buxmont Accountant***

*Buxmont Chapter*

*PA Society of Public Accountants*

**June 2007**

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## E-Mail & Address Changes

Don't miss out on important information regarding upcoming seminars and chapter meetings because you didn't let us know of an email or address change. Notify us of any changes via email at:

**info@pspabuxmont.org**



## **FREE SEMINAR DRAWING**

**Congratulations!  
Chris Nurney**

The winner of a free one day seminar of their choice at the drawing held at the **May** business meeting. The Buxmont Chapter holds a drawing for a free seminar at the conclusion of every business meeting.

## PRESIDENT'S NOTE

Dear Fellow Buxmont Members,

Now that it is summer time we can start cleaning up our old files. We again will have a SHREDDER day on September 10, at Williamson's. The monthly meeting schedule is filling up. We will have elections in June for the Board, so come out and support our group.

Very truly yours,

**Monty Anderson**

President Buxmont Chapter

## JUNE MEETING

### 1031 EXCHANGES

Next meeting is scheduled for Tuesday June 19, 2007

Speaker: David Gorenberg Esq.  
2 HR Tax CPE

Place: Williamson's Restaurant  
Willow Grove, PA

Meeting: 7:00-9:00 PM

Dinner: 6:00-7:00 PM

Must pre-register for dinner reservation.

Please complete and mail the registration form with payment.

**Deadline for registration is Friday June 15, 2007**

"Meeting Only" Registrants at the door will be subject to a \$5.00 surcharge.

## REMEMBER, IT IS YOUR RESPONSIBILITY TO CONFIRM THE CHAPTER HAS YOUR RESERVATION

To review the registration list, go to: [www.buxmontpspa.eboard.com](http://www.buxmontpspa.eboard.com) and look at registrants under the meeting tab.

## **WHAT'S NEW FOR 2007**

The new 2006 law includes the following-changes effective January 1, 2007

- ◆ The Welfare-to-Work (WTW) credit has been incorporated into the Work Opportunity Tax Credit (WOTC).
- ◆ The maximum age for the Food Stamp category increases from age 24 to age 40
- ◆ The income test for ex-felons has been eliminated.
- ◆ The WTW credit now covers 40 percent of the first \$10,000 of wages in year one for qualified long-term family assistance recipients; 50 percent of the first \$10,000 of wages in year two.
- ◆ The law increases the number of days after the hiring date to submit the pre-screening Form 8850 from 21 days to 28 days.

## Welcome New Members



Raymond P. Minich, CPA  
Doylestown, PA

Judith A. Baldasari, CPA  
Doylestown, PA

Gail N. Moyer, CPA  
Ambler, PA

### ALL-TIME RECORD FOR ELECTRONIC FILING?

**IRS**—2007 Tax filing season set a number of electronic records, by over 76 million electronically filed for individual tax returns.

**PA** - 2.9 million taxpayers filed their state personal tax returns electronically, this year.

### MORTGAGE INSURANCE DEDUCTIONS

Tax Relief and Health Care Act: For 2007 tax returns only—homeowners can deduct mortgage insurance premiums. No deduction if the adjusted gross income exceeds \$110,000. This new tax break applies to mortgage insurance

### DEAL OR NO DEAL

Revised Form 656 reflects instructions in the Offer in Compromise program. A \$150 application fee must accompany the offer. Plus the IRS will require clients to make at least a partial payment up front when trying to strike a deal.

### NJ-NY TAX RELIEF

Tax relief is provided for New Jersey and New York taxpayers in the Presidential Disaster Area that was struck by severe storms and flooding April 14-18, 2007. They have until June 25 to file Tax Returns.

### RESEARCH AND DEVELOPMENT (R&D) CREDIT

The new law extends the expired credit for R&D costs through 2007 and credit only for 2007. The credit generally equals 20 percent of qualified expenses a base amount. Your clients can elect to take an incremental credit, which is based on a "stated percentage" of qualified expenses that exceed average research expenses over a four-year period.

The new law increases the state percentage. The amounts are:

- ◆ 2.65 percent of qualified research expenses (increasing to 3 percent for 2007) between 1 percent and 1.5 percent of average annual gross receipts.
- ◆ 3.2 percent of qualified research expenses (increasing to 4 percent for 2007) between 1.5 percent and 2 percent of average annual gross receipts.
- ◆ 3.75 percent of qualified research expenses (increasing to 5 percent for 2007) exceeding 2 percent of average annual gross receipts.

A new alternative simplified credit for 2007: The credit is 12 percent of the qualified research expenses exceeding 50 percent of the average expenses for the previous three years (6 percent of current expenses for new companies).

### TIP INCOME PROGRAM

IRS 2007-44 The IRS won't audit Attributed Tip Income Program (ATIP) participants' returns. Business clients still have time to enroll in the new tip-reporting program. The IRS created the ATIP last year to promote compliance and reduce record keeping for food and beverage establishments. Deadline for qualified employers have until June 30 to join up.

### LEASEHOLD AND RESTAURANT IMPROVEMENTS

The law extends through 2007 the faster, 15 year write-off period (as opposed to the normal 39 years) for certain leasehold and restaurant improvements. Any improvement to an interior portion of a nonresidential building qualifies as a leasehold improvement, although certain items, such as elevators and escalators, are expressly excluded.

For a restaurant to qualify for the 15 year write-off period, more than half of the building's square footage must be devoted to the preparation and/or seating for on-site consumption of prepared meals. Also, the building must have been in service at least three years.

### CHURCHES, NONPROFITS QUALIFY FOR TELEPHONE TAX REFUND

[IR-2007-99](#). —The annual May 15 filing deadline is here for many nonprofits, and the IRS urges any of these organizations that paid the three percent telephone tax to be sure to request this special refund. The telephone tax refund is also available to churches and small tax-exempt organizations that don't normally file annual returns with the IRS.

### **SPEED UP PAYROLL TAX DEDUCTION**

An accrual-basis company can treat its employment-tax liability as incurred in the prior year even if it defers the related compensation and deducts it the following year. That assumes the company qualifies for the recurring-items exception.

The company may accelerate the employment-tax write-offs for bonuses paid to its owners, even though it can not deduct the related compensation until the following year. The business may include amounts paid as late as September 15 of the following year, if it uses a calendar tax year. The new ruling revokes Revenue Ruling 69-587 and amplifies Revenue Ruling 96-51.

Business clients may have to request IRS consent for an accounting-method change to benefit from the new ruling. This may represent a tax-saving income-generating opportunity for your client's firm.

### **SUMMER TIME TAX CREDITS**

Maybe a business client doesn't need more full-time workers. But the client can sure use extra help when business picks up during the summer. The client can hire youths eligible for the "summertime" tax credit. The credit is available for individuals ages 16 or 17 who reside in an empowerment zone or enterprise community. The summertime tax credit applies only to services performed between May 1 and September 15. The credit amount generally equals 25 percent of the worker's first year's wages up to \$3,000. Maximum credit per worker \$750.

But the law bumps up the credit to 40 percent of the first \$3,000 in wages if the youth works 400 hours or more. Maximum credit per worker \$1,200.

For more details visit: [www.ezec.gov/communit](http://www.ezec.gov/communit)

### **KIDDIE TAX LAW**

The Kiddie tax now extends to children under age 18. The Child could qualify for benefits, as any employee would, including:

- ◆ Health Insurance—Business owner clients can cover a working child under the business's group health plan, which is 100 percent tax free.
- ◆ Life Insurance—The first \$50,000 of group term life insurance coverage paid on behalf of the an employee is generally tax-free.

The premiums that the business pays for the child are tax-deductible.

- ◆ Retirement plans-Child may be eligible to participate in 401(K) or other qualified retirement plan.
- ◆ IRA's—Child earning from a job, can put away \$4,000 in a traditional or Roth IRA
- ◆ FICA and FUTA—If a child under age 18 works for a parent's sole-proprietorship or husband/wife partnership business, the earnings are exempt for FICA tax. This exemption also applies to FUTA tax until the child reaches age 21.
- ◆ A further change to age 24 recently enacted. Information to follow.

### **AUDITS**

Expect the IRS to continue its recent flurry of audits. A report by the General Accounting Office (GAO) shows that IRS audit rates rose 7 percent for individuals for 2006. 18 percent for high-income taxpayers; 8 percent for small businesses and 15 percent in collection-case closures. IRs audits netted a record of \$48.7 billion in 2006, up 3 percent from the prior year.



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**"Registration forms  
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can be printed  
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## Chapter Profile:

The Buxmont Chapter is the PA Society of Public Accountants' largest chapter, representing over four hundred Certified Public Accountants, Public Accountants, Enrolled Agents and tax practitioners in the Bucks and Montgomery Counties of Southeastern PA. If you are a small practitioner in search of an organization interested in your needs, you'll want to consider the Pennsylvania Society of Public Accountants.

## Chapter Meetings:

Meetings are generally held on the fourth Tuesday of the month at Williamson's Restaurant, Route 611 & Blair Mill Rd, in Willow Grove, PA (unless otherwise noted)

**Dinner & Meeting: Member \$25.00 Non-member: \$35.00**  
**Meeting Only: Member \$15.00 Non-member: \$25.00**

## 2007 Gear-UP Seminar Programs

Seminars are held at the Radisson Hotel located at 2400 Old Lincoln Highway, Trevose, PA (1/4 mile south of PA Turnpike Interchange 351)

- ◆ Planning for Later Years  
Wednesday, June 6, 2007
- ◆ Accounting  
Friday, June 8, 2007
- ◆ Fraud Seminar  
Wednesday, September 18, 2007
- ◆ Estates & Trusts  
Thursday, September 19, 2007
- ◆ Business Entities  
Thursday & Friday October 18 & 19, 2007
- ◆ 1040  
Monday & Tuesday December 3 & 4, 2007



## 2007 Chapter Program Schedule

- ◆ 1031 Exchanges - 2 HR Tax CPE  
Tuesday, June 19, 2007
- ◆ Shredder Day 2nd Annual —12 to 2 pm @ Williamson's  
Monday, September 10, 2007
- ◆ IRS Ethics & Tax — 4 HR Tax CPE  
Tuesday, November, 27, 2007
- ◆ PA Individual & Corporation Tax — 4 HR Tax CPE  
Tuesday, December 18, 2007

