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Dates to remember

There are several important dates coming up:

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| November 30 | If you received a 2009 required minimum distribution from your qualified retirement plan and do not want to pay tax on it, you may be able to roll it over into an eligible retirement plan or pay it back to your plan. |
| December 15 | Estimated payments due for calendar year corporations. |
| December 31 | Deadline to set-up single 401(k) plans for self-employed individuals. |
| January 15 | Estimated tax payments due for individuals. |

New Tax Law

The Worker, Homeownership, and Business Assistance Act, signed on November 6, 2009, contains several tax changes:

- First Time Homebuyer Tax Credit: This \$8,000 credit has been extended to residences purchased before May 1, 2010.
- Homebuyer Credit for Existing Homeowners: Existing homeowners who purchase another principal residence and lived in their previous home for 5 years are eligible for a maximum \$6,500 credit. Limitations and exclusions apply.
- Net Operating Losses: may be carried back 3, 4, or 5 years.
- Partnerships and S-Corporations: For tax years beginning after December 31, 2009, the penalty for failure to file partnership or S-corporation returns has increased to \$195 per partner or shareholder.
- Mandatory e-File: We will be required to electronically file your individual income tax return starting with the 2010 tax year.

**Help us keep
you informed**

In order to keep you more abreast of tax laws and information that may affect your income taxes, we would like to send an email update when important tax changes happen. To join our email list, please email info@lcpa.com or click the link on our homepage (www.lcpa.com).

**Franchise Tax
Exemption Increase**

Effective January 1, 2010, franchise tax is not owed if the entity's total revenue is less than, or equal to \$1,000,000 for years 2010 and 2011, and \$600,000 after 2011. Previously, this exemption was set at \$300,000. Furthermore, discounted exemptions will take effect January 1, 2012.

Family Services

Many families have created significant personal wealth. However, recent declines in asset values have forced some to focus on reducing costs and preserving assets. In today's environment, it may no longer be feasible to retain in-house staff. As your CPA and professional advisory firm, we can assist with financial, administrative and lifestyle matters. Our seasoned and experienced professionals can help with income tax, death tax, gift tax, asset protection, investment management, insurance, banking, credit, bill paying, personal bookkeeping, philanthropy, health care, etc.

Tax planning vs. tax preparation

When do you determine how to spend your money? Is it when you are balancing your checkbook or preparing your budget? Tax planning works with your budget by prearranging financial matters to minimize taxes. While we can do some tax planning during tax preparation, many opportunities have already passed. The best way to reduce income, gift, and estate taxes is to be proactive. An investment in year-end tax planning could boost your bottom line.

Audits

Sound financial reporting is integral to success. Whether you use your financial statements to obtain financing, fulfill regulatory obligations, increase confidence of investors or owners, to sell or purchase a business, or to take your business to the next level, we can help. We provide financial statement audits for profit and not-for-profit entities, 401(k) audits, reviews, compilations, and other agreed-upon procedure engagements.

Year-End Checklist

- ✓ Review your will, powers of attorney, and beneficiaries of life insurance policies and retirement accounts.
- ✓ Some life insurance policies expire when a certain age is reached--and, much younger than you would think. Insurance costs have dropped allowing for more affordable and better coverage on new policies.
- ✓ Review your investment portfolio. Consider selling off underperforming securities prior to December 31 and use up to \$3,000 of losses to reduce regular income.
- ✓ Prepay 2010 college tuition to take advantage of education deductions and credits. Limitations and exclusions apply.
- ✓ Pay your grandchild's tuition. There's an unlimited gift tax exclusion allowed for tuition amounts paid directly to qualified educational organizations on behalf of part-time or full-time students.
- ✓ Substantiate your charitable contributions. You must have a bank record or a written communication from the charity showing their name, the date, and amount. For any single donation of \$250 or more, you must obtain a written acknowledgement from a charity before you can claim it on your tax return.
- ✓ Ring in the new year by recording the odometer reading on your business use vehicle.

Bob