

MAY 2008

## TAX SEASON WRAP UP

Thank you to all of our clients and friends for a successful tax-filing season! Please keep in mind that we remain hard at work completing returns that are on extension and focusing on tax planning issues for the current year.

We are pleased to share that we continue to exceed the industry and IRS standards in e-file technology and expertise. With your assistance we e-filed approximately 91% of the individual returns prepared this year; and 85% of the business returns.

We are very pleased to continue to offer you these services and appreciate your business. E-filing speeds up refunds, minimizes IRS errors, and provides an easy and convenient process for our clients.

Richard Crabtree, partner, recently gave a presentation on the *Economic Stimulus Act of 2008* to local financial institutions and their clients.

## OWNER-OCCUPIED HOME IN FRANKLIN COUNTY

If you own and occupy a home in Franklin County, a 2.5% real estate tax reduction is available to you. This is different than the Homestead Credit for home owners over 65 years of age. This reduction is automatically applied to your real estate taxes. However, on occasion, the County has missed the reduction. If you would like to check to make certain you are receiving this reduction, go online to the Franklin County Auditor's website and view your property. If a reduction is not apparent, click on the website application. Completed applications should be submitted to the County no later than the first Monday in June.

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## FACTORING FOR CASH

The Receivables Exchange (TRE) is a new way to sell receivables and increase cash. Popular in Europe, the TRE is hoping to spark some interest in this new factoring initiative.

Factoring, as an alternative source of financing, eliminates many of the bank's criteria that are difficult to meet. Factoring provides cash based on the quality and liquidity of your assets...primarily your accounts receivable. The credit worthiness of your customers and the validity of your invoices are the important issues in this source of financing. Because each account is evaluated individually, factoring has much more flexibility than a bank when it comes to keeping up with the growth and financing of your business due to the increase in sales. Your credit line grows with your business.

TRE recently launched the Receivables Exchange which allows companies to offer their receivables to dozens of factoring companies at one time. These lenders bid on the invoices which can be sold in a bundle or one at a time. For those interested in "factoring for cash", fees range from 2% to 7% of the total advance.

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## FIRM HAPPENINGS

Judy Kuhn, a paramount member of our Payroll Department will retire at the end of this Month. Judy has been with Whalen & Company for 23 years. Before the age of desk-top computers, Judy did all of the tax return and accounting data entry plus payroll processing. As our payroll department grew, Judy concentrated her talents in that area. The Firm is grateful for the many years of service Judy has given and her dedication and contributions to the payroll department and the firm. Judy is retiring to a newly built home with leisure and grandchildren on her mind.

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**TAX SEASON IS OVER...NOW WHAT?**

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Now that tax season is over, many people won't even think about their taxes until early next year. What they don't realize is that there are several things that can be done over the next several months to prepare for the next tax season.

- Inform your tax preparer of any major changes in your situation - i.e. huge increase or decrease in income; change of business, sale of partnership interest, big sale of stock, etc.
- Keep your accounting up-to-date and organized. Contact your tax preparer if you would like assistance throughout the year.
- If you receive any correspondence from taxing agencies, please forward these to your tax preparer right away. Also, be sure to send copies of any settlement statements for real estate purchased or sold. It is best to send these immediately following the closing, while you still have them handy.

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**IRS "DIRTY DOZEN" TAX SCAMS FOR 2008**

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The Internal Revenue Service issued the 2008 "Dirty Dozen" – its latest annual report of some of the most notorious tax scams – along with an alert to taxpayers this filing season to watch out for schemes that promise to reduce or eliminate taxes. New to the "Dirty Dozen" is a scheme that relates to unreasonable and/or excessive fuel tax credit claims.

Also high on the list in 2008 is "phishing," a favorite ploy of identity thieves. Over the past few years, the IRS has observed criminals working through the Internet, posing even as representatives of the IRS itself, with the goal of tricking unsuspecting taxpayers into revealing private information that can be used to steal from their financial accounts. This year, be alerted to the scam artists using the *Economic Stimulus Act of 2008* as a ploy to obtain your personal information to expedite your rebate.

Several of the usual suspects from last year remain on the list. The IRS continues to see schemes that exploit charitable organizations. Some taxpayers, meanwhile, still use frivolous arguments to claim they do not owe taxes, despite the fact that such reasoning has been thrown out time and time again.

For a detail list of the Dirty Dozen...check out the link on our website at [www.whalencpa.com](http://www.whalencpa.com).

***Note from the Whalen Payroll Department***

It is our pleasure to supply you with the attached page of helpful information to assist you in your daily management of your human resources. As always, we are available for consultation and special projects. Please call MaryAnn McCool, our Payroll Manager, with any questions you may have – 614.396.4200.