THE *JUST TAXES!* CLIENT NEWSLETTER

PUBLISHED SEMI-ANNUALLY BY JUST TAXES!
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Dear Client: **July 2007**

Year One . . . Is Done!

Tax year 2006 is now history, but it was certainly an interesting time for the two of us. As most of you know our idea in starting **Just Taxes!** was rather simple. For us "quality service at an affordable price" was more than just a slogan. We really did believe that we could prepare your tax returns just as well (if not better) than our competitors and at a more reasonable cost to you.

The results of our first year have certainly justified our optimism. Previous clients not only sought us out but, equally important, referred many of their friends and neighbors to us. We sincerely appreciate your confidence, and look forward to a long and mutually beneficial relationship.

Frequently Asked Questions

Q. Will you be open year around?

A. Yes. During our off season (May through December) we do not maintain regular business hours. However, we are in the office frequently and, when not, check our telephone and email messages daily. We will return all calls within 24 hours. Additionally, we are available by appointment throughout the year.

Q. What do I do if I get a letter from the IRS or Franchise Tax Board?

A. Call us. We will schedule an appointment, review the letter, determine the appropriate course of action, and prepare any required response. There is no cost for this service.

Q. What happens if I'm audited?

A. We will represent you before the IRS for any tax return that we prepared. The cost for this service will vary depending upon the circumstances of the audit.

Q. How do you determine your prices?

A. The simple answer is *time*, *complexity*, and *risk*. We generally allocate an hour to an hour an a half to complete a tax return. If additional time is required due to the amount or complexity of information that needs to be recorded then there can be an additional charge. Similarly, a complex tax return requiring multifaceted forms or schedules will also result in an additional charge. Risk relates primarily to the potential for an audit. The highest risk is for those individuals who are self-employed, who have high income and/or substantial deductions, or who have unique or unusual financial activity.

Q. Are your prices going to increase next year?

A. No. Our cost structure will remain the same. However, your cost could increase, decrease, or remain the same depending upon changes in your tax situation. For example, if you sold stock last year but not this year then the cost of preparing your tax return would be less since we wouldn't have to prepare a Schedule D. Conversely, your cost would increase if this situation were reversed.

Q. My daughter is going to school and working in another state. Can you do her tax return?

A. Yes. In addition to California we have clients who live in Washington, Oregon, Idaho, Nevada, Hawaii, Arizona, Colorado, Massachusetts, and North Carolina. So preparing a tax return for an "out of state" client is not a problem. As a matter of fact, we even have a client who lives in Greece and another who lives in Thailand . . .

Q. It's difficult for me to find the time to come to your office. Do you provide in home service? Or would it be possible for me to just drop off my paperwork and pick up the tax return once it's completed?

A. Yes, and yes. We encourage both in home and drop off service for those clients who find this to be a convenient alternative to coming to our office. However, we will generally limit in home service during the last two weeks of the tax season due to our time constraints.

2007 Tax Changes

Charitable Contributions: Starting January 1, 2007, you can no longer deduct a cash contribution, regardless of the amount, unless you keep as a record of the contribution a bank record (such as a canceled check, a bank copy of a canceled check, or a bank statement containing the name of the charity, the date, and the amount) or a written communication from the charity. The written communication must include the name of the charity, date of the contribution, and amount of the contribution. In short, no receipt -- no deduction.

You might also recall that starting in 2006 if you donate clothing and household items to a qualified organization that those items must be in "good" used condition or better for you to claim a charitable contribution deduction. We recommend that you take photographs of your "other than cash" donations and attach them to your receipt, if possible. This will not only provide you with a "list" of what you gave, but also provide evidence of the contribution should that be necessary.

Random Thoughts

"Suppose you were an idiot. And suppose you were a member of Congress . . . But then I repeat myself."
-Mark Twain

"I don't make jokes. I just watch the government and report the facts."
-Will Rogers

Estimated Tax Payments

The next estimated tax payments for tax year 2007 are due on September 17, 2007, and January 15, 2008. We will send reminder notices to our clients who are scheduled to make estimated payments 10 to 14 days prior to each due date. Please call us if you didn't receive a reminder for the June 15th payment and would like to be added to our mailing list. Conversely, please call us if you've completed your estimated payments for the year and would like to be removed from the list.

Age Matters

We are often asked why we need to know the dates of birth of each individual listed on a tax return. The short answer is that there are specific tax rules related to age. These "tax related" ages are 13, 17, 18, 19, 21, 24, 25, 30, 50, 55, $59^{1/2}$, 65, and $70^{1/2}$. Anyone who can match each age with the specific rule probably has way too much time on their hands . . .

Presentations

We are available to provide presentations on various tax related topics throughout the year. Topics can vary from "Income Tax 101 -- The Basics," to "Dividends, Qualified Dividends, and Capital Gains: What's the Difference and Why Should I Care?" to "Everything That You Don't Want to Know About Household Employment Taxes." Presentations generally take about 30 minutes (including question and answer time) but can be adjusted to meet your needs. So if you belong to an organization or group that would like to have a presentation on any aspect of the tax code please call us and we'll try to accommodate your request. There is no cost for this service.

More Random Thoughts

"Giving money and power to government is like giving whiskey and car keys to teenage boys."

-P. J. O'Rourke

"Democracy must be something more than two wolves and a sheep voting on what to have for dinner."

-James Bovard

Client Organizers

Several of our clients have requested that we mail them a client organizer in January to assist them preparing for their appointment. The organizers provide a listing of all tax related financial activity reported during the previous tax year. This information can serve to remind you of the information that you will have to have in completing your tax return this year. In general, the organizers may be helpful for those who have a complex financial status. Regardless, please call us if you would like us to mail you a client organizer and we'll add you to the mailing list.

Betcha Didn't Know . . .

Diana was raised on a dairy farm near Nicasio in Marin County, and graduated from U. C. Davis with a BS degree in Nutrition and Dietetics.

Dennis was a Naval Aviator and served two tours in Viet Nam before retiring with the rank of Commander.

Some Final Thoughts . . .

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Never make a financial decision based solely on the tax consequences. And never make a financial decision unless you are fully aware of the tax ramifications. If in doubt, call us.

Thanks Again!!

We once again thank each of you for using our income tax service this year, and look forward to seeing each of you again next year.

Yours very truly,

Dennis T. Graff

Diana L. Muller
Enrolled Agent

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