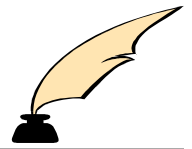


Accountants' Notes



Volume 9, Issue 12

December 2007

DEDUCTIBLE CONTRIBUTIONS REQUIREMENTS

Please try to get the appropriate documentation when you make a donation, because most charitable givers make those requests during tax time, and that means you may have to wait a long time. The IRS requirements for deductible contributions:



- Gifts of less than \$250: A canceled check or a receipt from the organization will suffice.
- Gifts of \$250 or more: You must get an acknowledgement letter from the charitable organization. A canceled check is not enough. The letter should specify whether you received any goods or services in return for the contribution; if so, their value must be included in the letter (that value is not deductible).
- Household goods, used clothing, miscellaneous property: You'll need receipts for gifts worth \$250 or more. Donating to several organizations? If the combined total is more than \$500, you will have to provide on your return a list of each item donated, its estimated market value, the name and address of the charitable organization and the date of the gift. But take note: you cannot take deductions for any contributions made after August 16, 2006, unless the donated property is in good condition or better.
- Cars, boats and planes: the rules for these donations are a bit more complicated. In general, the value you claim as a deduction cannot exceed the gross proceeds from the charity's sale of the vehicle, and a written acknowledgment is required. There are many exceptions and variations.
- Property worth more than \$5,000: If you're donating jewelry for a charitable auction or some other big-ticket item, you will have to include an appraisal summary of the goods with your tax return. For art valued at \$20,000 or more, a copy of the appraisal itself must be included.

To help you determine the values for non-cash contributions, please visit: www.salvationarmyusa.org

SOCIAL SECURITY WAGE BASE INCREASE

The Social Security Administration announced on October 17, 2007 that the 2008 social security wage base will be \$102,000, an increase of \$4,500 from the 2007 wage base of \$97,500. As in prior years, there is no limit to the wages subject to the Medicare tax; therefore, all covered wages are still subject to the 1.45% tax.

The FICA tax rate, which is the combined social security tax rate of 6.2% and the Medicare tax rate of 1.45%, remains at 7.65% for 2008. The maximum social security tax employees and employers will each pay in 2008 is \$6,324. This is an increase of \$279. from the 2007 maximum of \$6,045.

The social security wage base for self-employed individuals in 2008 will also be \$102,000. There is no limit on covered self-employment income that will be subject to the Medicare tax. The self-employment tax rate remains 15.3% (combined social security tax rate of 12.4% and Medicare tax rate of 2.9%). In 2008, the maximum social security tax for a self-employed individual will be \$12,648. This is an increase of \$558 from the 2007 maximum of \$12,090.



Winfree, Ruff & Associates, Ltd.

www.winfree.net

Lancaster Office
Phone: 740-681-1676
Fax: 740-681-1672

Pickerington Office
Phone: 614-837-8291
Fax: 614-837-5144

Baltimore Office
Phone: 740-862-2258
Fax: 740-862-2208

WELCOME TO THE END OF YET ANOTHER YEAR

We hope that you will be enjoying the holidays and we do not wish to disturb your holiday festivities. However, there are a few year-end "housekeeping duties" that are important to your business. Below is a list of these items. Please review and determine which are applicable to your business.

- Odometer reading on all business vehicles and personal vehicles used for business as of December 31, 2007 – need business and/or mileage for each vehicle. (list separately)
- Inventory levels as of December 31, 2007.
- End of the year balances and/or interest statements on all loan activity that you had during the year – even if it is paid off.
- If you are self-employed or a Sub-S Corporation, please detail all medical insurance premiums for you and your dependents paid for the year.
- Please forward to our office all the various original tax forms that will be arriving in your mail soon. The government is requiring us to use your personalized labels and forms in reporting account information.
- Did you dispose of any property? If so, did you record it in your books? We will need details.
- Please provide a detail listing of any Federal, State, City and/or School tax payments made in 2007 and 2008 – even if you think we have it.
- Please advise our office if you would like to have a 2007 tax organizer mailed to you.
- Did you pay any individual over \$600.00 for services or any amount to an attorney? If yes and you would like us to prepare your Form 1099's, provide the necessary information to our office by January 15th.
- Did you buy or sell real estate in 2007? If so we need a copy of your HUD settlement statement. (Form 1)
- If you have a "BIZ Plan" or Section 105 Plan, please remember to make all reimbursements before December 31, 2007.
- Did you pay any business expenses with personal money? If yes, get reimbursed by December 31st.

If you have any questions or need assistance determining if any of these "housekeeping duties are applicable to your business, please do not hesitate to contact our office.

Hope to hear from you soon so we can get an early start on your 2007 year end financial statements and/or tax returns.

2007 Estimated 4th Qtr Payments

Remember to pay your local payments by December 14, 2007 and your Ohio and School District payments by December 31, 2007 so the deductions can be used on your 2007 Federal Return, Schedule A.

The 2007 fourth quarter Federal estimated payments must be paid by January 15, 2008.

**WINFREE, RUFF &
ASSOCIATES, LTD.
WISHES YOU AND YOUR
FAMILY A JOYFUL HOLIDAY
SEASON AND A
PROSPEROUS NEW YEAR!**



2007 Fourth Quarter and Annual Payroll Reports

It's time to prepare your 4th quarter and year-end payroll tax reports. Most of the returns are due January 31, 2007. Please provide us with your payroll forms and information by January 10 to ensure timely filing of these reports. If you have any questions, call our office.