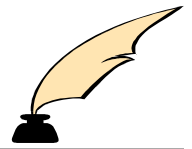


Accountants' Notes



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YOUR COMPANY STRUCTURE

Legally speaking, it's easy to start a company. A firm is by default a *sole proprietorship* or *partnership* unless its founders opt for another structure. The key drawback is that you have unlimited liability for your business's debts.

So if you are starting a business, or you already run one but haven't thought strategically about its legal structure, you need to take it seriously. For limited liability protection, the choices are a *limited liability company (LLC)* or a *corporation*. The decision can be more complicated than it seems, so sit down with a lawyer and accountant to weigh the options for your individual situation.
Inc.

TAX CHANGES

In an effort to keep you up to date, please visit our website at www.winfree.net to find changes as they come up. See the attached article regarding the **American Recovery and Reinvestment Act of 2009**.

KEY PHONE NUMBERS

IRS Forms & Publications
1-800-829-3676

IRS Tax Information (Status)
1-800-TAX-1040
www.irs.gov

State of Ohio Information
1-800-282-1784
www.state.oh.us/tax/



2008 INDIVIDUAL INCOME TAX RETURNS

April 15th is the deadline for taxes to be filed. If your taxes are not in to us by April 3rd, we will have to file an extension for you. Please give us a call to schedule an appointment so that we can get your taxes completed in a timely manner.

An extension does not extend payment of taxes due. If you are uncertain, please set an appointment and we can calculate an estimate for you.

ON-LINE PURCHASES

It may not occur to you that you are supposed to pay taxes on the items you buy online. Nor do most of us have to feed state coffers for the music and movies we download. Those are sore points with cash-strapped states.

Most consumers are supposed to pay a use tax when they buy goods from a retailer that doesn't collect sales tax because it has no physical presence in the state. But most folks don't pay, and few states try hard to collect. This could be the year that Congress passes legislation to make collections mandatory. Meanwhile states are jumping in with laws of their own.

Kiplinger's Personal Finance

2008 CORPORATE TAX RETURNS

Remember that your corporate tax returns are due **March 16th**.

If you have not provided us with your information and wish us to prepare your tax returns, you must contact us immediately as we will need to file an extension by March 16th.

Winfree, Ruff & Associates, Ltd.

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

Gifts During Life

Gifts during life is an effective way to benefit others and reduce your potential estate tax liability.

Under current law, gifts given during life may be taxable, just as the gifts may be if given at death. If given during life, the person giving the gift (the donor) is subject to Federal Gift Tax reporting. If given at death, the donor may be subject to Federal Estate Tax.

Not all gifts given during life are taxable. Current 2009 gift tax law allows each person to gift up to \$13,000 to any other person in a single year without incurring any gift tax liability. This \$13,000 limit changes over time and is called the annual federal gift tax exclusion amount. Married persons who jointly participate in a gifting program may gift up to \$26,000 to any individual. Gifts made in excess of these amounts are subject to gift tax reporting.

There are several reasons to consider gifting assets during your life:

- Donors can reduce their potential estate tax liability by gifting. Completed gifts are not included in the donor's taxable estate.
- Donors can benefit those they choose and see the benefits caused by such gifts.

How gifting during life works:

1. Donors choose the person(s) to whom they wish to give.
2. Donors choose the amount they wish to give to the person(s), and the duration of the gift. For example, a donor may wish to create an annual gifting program that lasts for five years and that transfers an amount equal to the annual gift tax exclusion in each of those five years.
3. Donors give the gifts to the chosen persons according to the estate plan.
4. Any amounts transferred as completed gifts during the donor's life are not included in the donor's taxable estate.

Financial Profiles

What is a Taxable Estate?

The Gross Estate of the decedent consists of an accounting of everything you own or have certain interests in at the date of death. The fair market value of these items is used, not necessarily what you paid for them or what their values were when you acquired them. The total of all of these items is your Gross Estate. The includible property may consist of cash and securities, real estate, insurance, trusts, annuities, business interest and other assets. Keep in mind that the Gross Estate will likely include non-probate as well as probate property.

What deductions are available to reduce the Estate Tax?

1. Marital Deduction – All property that is included in the gross estate and passes to the surviving spouse is eligible for the marital deduction. The property must pass outright.
2. Charitable Deduction – If the decedent leaves property to a qualifying charity.
3. Mortgages and Debt.
4. Administration expenses of the estate.
5. Losses during estate administration.

Most relatively simple estates do not require the filing of an estate tax return. A filing is required for estates with combined gross assets and prior taxable gifts exceeding \$3,500,000 effective for decedents dying on or after January 1, 2009.



Happy St. Patrick's Day

