

IN THE BLACK

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BRUCE A. RUKKILA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS

What We Offer You:

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- √ Nonprofit
- √ Private

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- √ Nonprofit

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- √ Personal Financial Statements
- √ Financial Projections & Forecasts

Beginning with our next newsletter we will be issuing it by e-mail rather than by the postal service. Please forward your current e-mail address to help@brucerukkila.com or call us at (906) 482-6601 ext. 0.

Bruce A. Rukkila, CPA, MA, CVA
President

1st Time Homebuyers Credit & Replacement Homebuyers Credit

The Worker, Homeownership & Business Assistance Act of 2009, which was signed into law on November 6, 2009, extends and expands the first-time homebuyer credit of up to \$8,000 allowed by previous Acts.

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

For the first time, long-time homeowners who buy a replacement principal residence may also claim a homebuyer credit of up to \$6,500. They must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased.

People with higher incomes can now qualify for the credit. The new law raised the income limits for homes purchased after November 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers. The existing MAGI phase-outs of \$75,000 to \$95,000 or \$150,000 to \$170,000 for joint filers still apply to purchases on or before November 6, 2009.

The credit:

- Applies only to homes used as a taxpayer's principal residence.
- Reduces a taxpayer's bill or increases his or her refund, dollar for dollar.
- Is fully refundable, meaning the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax owed.

For more information please go to www.irs.gov

Please visit our website at: www.brucerukkila.com

Planning for Year-End Payroll Reporting

It is time again to start planning for year-end payroll reporting. We have prepared the following hints to get you on your way:

January 31, 2010 is the deadline for W2s to employees, and 1099s to recipients.

W2s - Be sure to have *current* address information and Social Security numbers for all employees. This is especially important for those employees no longer working for you, and will be necessary for mailing their W2s.

1099s - It is also important to make sure that you have current addresses and Social Security numbers or Federal ID numbers for anyone who requires a 1099-MISC Form. This form is issued to individuals and certain entities to whom you have paid \$600 or more for rent, services, or other miscellaneous payments. The information is also important to have for other types of 1099s that must be filed as well. Your individual situation will determine if any, and which type, of 1099 is necessary. If you are unsure of whether you should be issuing 1099s, give our office a call. We are happy to go over the requirements in more detail with you.

In addition, remember that if you have an employee that has changed his or her exemption status during 2009, he or she must fill out a new W-4 for 2009. Remember to do this for all 2010 changes also.

Keeping Good Records Reduces Stress at Tax Time

Here are a few things the IRS wants you to know about recordkeeping.

Keeping well-organized records also ensures you can answer questions if your return is selected for examination or prepare a response if you are billed for additional tax. In most cases, the IRS does not require you to keep records in any special manner. Generally speaking, you should keep any and all documents that may have an impact on your federal tax return.

Individual taxpayers should keep the following records supporting items on their tax returns for at least three years:

- Bills
- Credit card and other receipts
- Invoices
- Mileage logs
- Canceled, imaged or substitute checks or any other proof of payment
- Any other records to support deductions or credits you claim on your return

You should normally keep records relating to property until at least three years after you sell or otherwise dispose of the property. Examples include:

- A home purchase or improvement
- Stocks and other investments
- Individual Retirement Arrangement transactions
- Rental property records

If you are a small business owner, you must keep all your employment tax records for at least four years after the tax becomes due or is paid, whichever is later. Examples of important documents business owners should keep include:

Gross receipts. Cash register tapes, bank deposit slips, receipt books, invoices, credit card charge slips and Forms 1099-MISC

Proof of purchases. Canceled checks, cash register tape receipts, credit card sales slips and invoices

Expense documents. Canceled checks, cash register tapes, account statements, credit card sales slips, invoices and petty cash slips for small cash payments

Documents to verify your assets. Purchase and sales invoices, real estate closing statements and canceled checks

For more information about recordkeeping, check out IRS Publications 552, Recordkeeping for Individuals, 583, Starting a Business and Keeping Records, and Publication 463, Travel, Entertainment, Gift, and Car Expenses. These publications are available on the IRS Web site, IRS.gov or by calling 800-TAX-FORM (800-829-3676).

Direct Deposit is Simple, Safe & Smart

We are now offering a new payroll check Direct Deposit service for your convenience.

Why Direct Deposit?

1. **Peace of Mind**-You don't have to worry about mail delays or having your employee paychecks lost or stolen.
2. **Prompt Payment**-Deposits will be credited on the pay date.
3. **Convenience**-Avoid special trips to pick up and/or deposit paychecks.
4. **Freedom**-Your paychecks will automatically be deposited into your employee's accounts, whether you or your employee are on vacation, traveling or ill.
5. **Cost Savings**-The financial institution fees for direct deposit range from \$15 to \$60 per month, plus ACH per item fees. Our monthly Direct Deposit fee will be \$15 plus \$0.15 fee ACH per item. Direct Deposit reduces the cost of purchasing check stock, envelopes, postage and most importantly, your time.
6. **Think Green**-Paper consumption is reduced. Less trips to pick up payroll, saves gas and reduces pollution.

For a quote please call Angel at (906) 482-6601 ext. 24 or e-mail her at angel@brucerukkila.com.

Simple, Safe & Smart

Ordering Tax Transcripts for Mortgage Applications Made Simpler by New Form Aids

The Internal Revenue Service issued a new form to aid the processing of mortgage applications under the Home Affordable Modification Program (HAMP) as part of the Making Home Affordable Program. The new form will make it simpler for people, especially homeowners trying to modify or refinance their mortgages, to order copies of their tax return transcripts.

Taxpayers often need copies of their tax return information, especially when they are obtaining a new mortgage or when they are refinancing or modifying an existing mortgage. Taxpayers can use Form 4506T-EZ, Short Form Request for Individual Tax Return Transcript, to order a Form 1040 series tax return transcript free of charge.

A transcript is a computer print-out that includes most lines on the original return. A transcript often is an acceptable substitute for a copy of the original tax return for purposes of verifying income.

Form 4506T-EZ is a streamlined version of the Form 4506T, Request for Transcript of Tax Return. The Form 4506T-EZ is only for individuals who filed a Form 1040 series. Businesses, partnerships and individuals who need transcript information from other forms must still use the Form 4506T.

Transcripts ordered through the Form 4506T-EZ can be mailed to a third party, such as a financial institution. The IRS cautions taxpayers that they should complete all required fields, especially the requested years, before signing and dating the form.

Taxpayers can obtain Form 4506T-EZ at irs.gov. It is a fillable form so people can complete the form online and print a copy. They can mail it or fax it to the addresses and numbers listed in the instructions. It generally takes 10 days to process the request.

The IRS also recommends that people retain copies of their original tax returns in a safe, secure place. Exact copies of tax returns are available by filing Form 4506, Request for Copy of Tax Return, but each copy costs \$57 and can take 60 days to process.

For more information go to www.irs.gov

2010 Mileage Rate

The Internal Revenue Service issued the 2010 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes.

Beginning on Jan. 1, 2010, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 50 cents per mile for business miles driven
- 16.5 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving purposes are slightly lower than last year's. The mileage rates for 2010 reflect generally lower transportation costs compared to a year ago.

For more information go to www.irs.gov

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TEMP-RETURN SERVICE REQUESTED