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We are pleased to provide you with our online informational newsletter, which we believe you will find of interest. Every month, brief articles on relevant topics are included, along with a tax calendar for the current and following month.

Interested in knowing more about our firm? Please take a minute to browse our website at [www.cohensmithcpas.com](http://www.cohensmithcpas.com).

**Other helpful on-line services**

[www.IRS.gov](http://www.IRS.gov)

[www.MyFlorida.com](http://www.MyFlorida.com)

[www.Volusia.org](http://www.Volusia.org)

**September 2009**

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## **County Property Tax TRIM Notices**

Recently you should have received one or more Property Tax Notice(s) from your County (assuming you owned tangible (business) and /or real property on January 1 2009). While this notice will likely indicate that it is not a bill, it will certainly become one in November. Therefore, we recommend you pay close attention to the market values indicated on your property tax notice.

If after reviewing your TRIM notice, you believe the assessed value shown by the County exceeds by a significant amount, the actual fair market value of your property as of January 1, 2009, you should contact your County Property Assessor's office and request a detailed listing of your property record. This report will include information regarding the fair market value assigned by the County.

If, after reviewing the assessed value detail, you believe a significant difference exists between the value assigned by the County and fair market value, you should again contact the County Assessor's office and request a conference to review these differences. You should note, in order to successfully challenge the value assigned by the County, you will need evidence substantiating the fair market value you believe is correct.

In light of the above, you should also be mindful of the fact that the tax rate is approximately \$23 per \$1,000 of assessed value, up \$3, or 15%-20% compared to last year, depending on which budgets are adopted. Therefore, you should carefully consider the potential benefit of appealing your property value against the time and cost required to potentially obtain a lower valuation and tax.

Should you decide to formally appeal your valuation, petitions must be filed by September 25, 2009. Of course, we remain available to assist you with any of the above.

## **Don't Overlook Estate Planning**

The federal estate tax exemption for 2009 is a relatively generous \$3.5 million (up from \$2 million last year). For 2010, the federal estate tax is scheduled to be repealed, but just for that one year. However, it now seems very clear that the promised repeal won't happen. The more likely scenario is that we will continue to have a federal estate tax for 2010 and beyond with an exemption around the current \$3.5 million figure, but nobody knows for sure. Therefore, planning to avoid or minimize the federal estate tax should still be part of your overall financial game plan. We hope to have more certainty about the rules that will apply for 2010 and beyond before year-end. Please stay tuned, and contact us later this year for updated information.

In any case, whittling your estate down by making annual gifts continues to be a tax-smart strategy. If you have some favorite relatives or unrelated person, you can give each of them up to \$13,000 this year. Your spouse can do the same. These gifts will reduce any potential estate tax, without any adverse gift tax effects. Making multiple gifts over multiple years can dramatically reduce your exposure to the estate tax. So, the sooner you start an annual gifting program, the better. In addition, certain items such as educational expenses or medical expenses can be excluded from the annual gift ceiling. To qualify, the expenses must be paid directly to the 3<sup>rd</sup> party (i.e., educational institution or medical provider).

**Note:** With many asset values now at much lower levels than in the recent past, the current environment is actually great for tax-smart gift giving, assuming you have more than you need. Contact us for more information on the best ways to avoid estate taxes for someone in your situation.

### **Importance of Annual Meeting – Corporate Minutes**

As part of maintaining a corporation's existence (and the liability protection that it affords), shareholders and Board of Directors should meet at least annually. Although most people view this requirement as a necessary evil, it doesn't have to be a waste of time. For example, in addition to being a step in making sure the corporation is respected as a separate legal entity, an annual meeting can be used as an important tool to support your company's tax positions.

Besides the election of officers and directors, other actions that should be considered at the annual meeting include approving the accrual of any bonuses and retirement plan contributions, and ratifying key actions taken by corporate officers during the year. The directors should also specifically approve any shareholder loans, in order to lessen the opportunity for the IRS to potentially reclassify the loans as taxable dividends. In addition, if the corporation is accumulating a significant amount of earnings (cash), minutes of the meeting should generally spell out the reasons for the accumulation. This helps to prevent an IRS attempt to assess the dreaded accumulated earnings tax (C-corporations only).

These are just a few examples of why well-documented annual meeting minutes can be an important part of a corporation's tax records. When scheduled shortly before the corporation's year-end, many companies consider the annual meeting an opportune time for their CPA (and possibly attorney and other professionals) to plan together for the conclusion of the year.

### **Tax Deduction**

The American Recovery and Reinvestment Act of 2009 provides a deduction for state and local sales and excise taxes paid on the purchase of new cars, light trucks, motor homes and motorcycles through 2009. The deduction is available regardless of whether a taxpayer itemizes deductions on Schedule A. The deduction is available on vehicles purchased after Feb. 17, 2009, and before January 1, 2010, and is limited to the tax on up to \$49,500 of the purchase price of an eligible motor vehicle.

### **SEPTEMBER 2009**

#### **September 10**

Employees who work for tips. If you received \$20 or more in tips during August, report them to your employer. You can use Form 4070.

#### **September 15**

Individuals - Make a payment of your 2009 estimated tax if you are not paying your income tax for the year through withholding (or will not pay in enough that way). Use Form 1040-ES. This is the third installment date for estimated tax in 2009.

Employers - For Social Security, Medicare, withheld income tax, and nonpayroll withholding, deposit the tax for payments in August if the monthly rule applies.

Corporations - File a 2008 calendar year income tax return (Form 1120 or 1120-A) and pay any tax due. This due date applies only if you timely requested an automatic six-month extension.

Deposit the third installment of estimated income tax for 2009. Use the worksheet Form 1120W to help estimate tax for the year.

Partnerships - File a 2008 calendar year return (Form 1065). This due date applies only if you were given an automatic five month extension. Provide each partner with a copy of Schedule K-1 (Form 1065) or a substitute Schedule K-1.

Electing large partnerships - File a 2008 calendar year return (Form 1065-B). This due date applies only if you were given an automatic six month extension

S corporations - File a 2008 calendar year income tax return (Form 1120S) and pay any tax due. This due date applies only if you timely requested an automatic six-month extension. Provide each shareholder with a copy of Schedule K-1 (Form 1120S).

Estates and Trusts - File a 2008 calendar year return (Form 1041). This due date applies only if you were given an automatic five month extension. Provide each beneficiary with a copy of Schedule K-1 (Form 1041).

## **OCTOBER 2009**

### **October 13**

Employees who work for tips. If you received \$20 or more in tips during September, report them to your employer. You can use Form 4070.

### **October 15**

Individuals - File a 2008 income tax return and pay any tax, interest, and penalties due if you were given an automatic six month extension.

### **October 31**

Social Security, Medicare, and withheld income tax - File Form 941 for the third quarter of 2009. Deposit any undeposited tax. (If your tax liability is less than \$2,500, you can pay it in full with a timely filed return.) If you deposited the tax for the quarter in full and on time, you have until November 13 to file the return.

Federal unemployment tax. Deposit the tax owed through September if more than \$500.