

# Cohen Smith & Company, P.A.

## NEWSLETTER



**CERTIFIED PUBLIC ACCOUNTANTS**  
*Business and Personal Advisors*  
**133 EAST INDIANA AVENUE**  
**DELAND, FLORIDA 32724-4329**

**Phone: (386) 738-3300**

**Fax: (386) 736-2267**

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### March 2010

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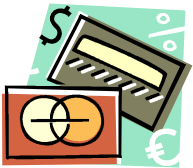


#### **Sales Tax Deduction – Use Actual Or Table?**

Several years ago, Congress approved sales tax as an itemized deduction. This was intended to benefit residents of states with no personal income tax, since state income taxes had long been allowed as an itemized deduction.

In order to simplify the deduction, if actual records for sales tax paid are not maintained, tables based on income are used to calculate the allowable sales tax deduction amount. In addition, sales tax paid on vehicles, boats, planes and home improvement materials can be added to the table amount.

Our recent review of sales tax deductions claimed by those that take the time to itemize their actual sales tax paid indicates a significant tax benefit over the standard table deduction. Of course, spending habits (and therefore sales tax paid) vary greatly from individual to individual. Nevertheless, all indications are that itemizing actual sales tax paid can produce much greater tax savings.



If you purchase most items by credit card, reviewing your monthly statements can allow you to calculate sales tax paid (6.5% in Volusia County). When reviewing your statements, don't forget that gas purchases include a sales tax levy (11.8 cents per gallon for 2009). Based on average gas prices in the \$2.75 to \$3.00 range for 2009, this amounts to approximately 4% of your gas cost.

As a reminder, don't forget to exclude items such as groceries and pharmacy purchases, which are normally exempt from tax.

To give you an idea of the table amounts for 2009, a married couple earning \$50,000 of income would be allowed a \$671 deduction. The deduction increases to \$1,034 for the same couple with \$100,000 of income.

For many taxpayers, taking the time to calculate and deduct actual sales tax paid, rather than using the simplified table amount, can reap significant tax benefits. Should you have any questions, please don't hesitate to give us a call.



## **A Wind Mitigation Inspection Can Potentially Reduce Your Insurance Policy Premiums Dramatically!**

A sharp-eyed insurance agent client recently provided extremely valuable information on wind mitigation discounts. Specifically, windstorm insurance rates are reduced substantially with a wind mitigation inspection. The following overview discusses some of the benefits of wind mitigation inspections.

A wind mitigation inspection verifies construction methods that create wind mitigation discounts, based on those methods providing greater protection from wind hurricane damage. The inspection usually takes less than an hour and the savings is usually in the form of a check, or discount, direct from your insurance company within 3-6 weeks.

Wind mitigation inspections should only be conducted by individuals state certified in wind inspection. The cost is usually \$100, or less.

All of the following structure types qualify for wind mitigation inspections:

- Single Family Homes
- Multi-Family Buildings
- Commercial Buildings
- Condominiums
- Townhomes

**Wind mitigation inspections can determine if you qualify for deep discounts on your homeowners insurance policy and typically more than pay for the cost of the inspection year after year.**

Discounts occur when dwelling structures have elements that minimize damage from high wind events like tropical storms and hurricanes. They include:

- Actual Roof Shape
- Reinforced Roof Decking
- Roof Shingle Attachment Method
- Shutter Protection Over Your Windows
- Hurricane Straps and/or Hurricane Clips
- Full or Partial Impact Resistant Glazing on Windows
- Other Wind Resilient Construction Techniques

**According to Florida Statute 627.0629, ALL insurance companies are required to offer Florida homeowners “discount, credits, or other rates differentials...” for particular construction techniques that help to reduce wind damage caused by hurricanes, tropical storms and other windstorms related to claims.**

Wind mitigation discounts are applied towards the windstorm portion of your total insurance premium. The windstorm portion is typically between 15% and 70% of the total premium. Premium determination is very complex and actually dollar discounts are not calculated here. For exact quotes, you must contact your insurance agent or the individual insurance company in question.

### **Energy Efficient Appliance Rebate: \$17,585,466**

#### **Florida Energy Star Appliance Rebate Program**

Florida’s ENERGY STAR appliance program will focus on replacing products in the Florida home that provide the state with the most energy and water savings and that are not already covered by a state or large utility program. Products eligible for Florida’s rebate program are only new appliances purchased in the State of Florida for personal use by the consumer. Florida will offer a 20 percent rebate off the retail price of a new qualified ENERGY STAR appliance on a first-come, first-served basis. Rebates only apply to the purchase of the appliance and not to delivery or installation costs. Rebates

shall be available only for the following ENERGY STAR certified appliances and products: gas tank-less water heaters, clothes washers, refrigerators, dishwashers, room air-



conditioners and freezers. This program is available to all Florida residents through a mail-in rebate application and will launch April 16, 2010, and conclude April 25, 2010. It is timed to coincide with Florida’s Earth Day Activities. Florida will hire a third-party program administrator to handle the rebate process and to capture the needed metrics associated with the program.

In addition to the rebate for purchasing the ENERGY STAR appliance, buyers will also receive an additional \$75 if they provide evidence of having recycled the old appliance. That evidence may consist of a statement on the retailer receipt indicating pick-up of the old appliance or a receipt from the local public or private landfill of delivery of the old appliance.

### **Senate Advances Jobs Bill**

Republicans Vote for \$15 Billion Measure in Rare Moment of Bipartisanship

The Senate voted to advance a \$15 billion job-creation package Monday, showing a rare hint of bipartisanship as five Republicans voted to end debate on the Democratic bill, including newly elected Sen. Scott Brown of Massachusetts.



The measure, which includes tax breaks for businesses hiring unemployed workers, moved ahead on a 62-30 vote, with Sen. Ben Nelson (D., Neb.) voting against it. The Senate is expected to vote on final passage of the bill within days.

Polls show the public deeply concerned about the economy and a stubbornly high unemployment rate. President Barack Obama has said job creation is a top goal of the administration. But while few senators took issue with the jobs package forwarded Monday, several Republicans said they were unhappy that Majority Leader Harry Reid had blocked a larger \$85 billion program.

The centerpiece of Monday's bill was a provision that frees any company hiring an unemployed worker from paying the worker's 6.2% Social Security payroll tax in 2010. If the company keeps the new hire for a year, it would receive a \$1,000 tax credit.

The bill also would allow businesses to write off the depreciation of new equipment more quickly.



## Tax Calendar

### March 2010

#### **March 1**

The government's copy of Form 1099 series returns (along with the appropriate transmittal form) should be sent in by today. However, if these forms will be filed electronically, the due date is extended to March 31.

The government's copy of Form W-2 series returns (along with the appropriate transmittal form) should be sent in by today. However, if these forms will be filed electronically, the due date is extended to March 31.

#### **March 10**

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

#### **March 15**

2009 income tax returns must be filed or extended for calendar-year corporations. If the return is not extended, this is also the last day for calendar-year corporations to make 2009 contributions to pension and profit-sharing plans.

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

### April 2010

#### **April 12**

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

#### **April 15**

**Individuals.** File an individual income tax return for 2009. If you want an automatic six-month extension of time to file your return, file Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return. Alternatively, you can get an extension by phone or over the Internet if you pay part or all of your estimated income tax due with a credit card. Then file Form 1040, 1040A, or 1040EZ by October 15.

If you are not paying your 2010 income tax through withholding (or will not pay in enough tax during the year that way), pay the first installment of your 2010 estimated tax. Use Form 1040-ES.

Note that April 15 is also the deadline for making contributions to IRAs or Roth IRAs for 2009.

**Household employers.** If you paid cash wages of \$1,700 or more in 2009 to a household employee, file Schedule H (Form 1040) with your income tax return and report any employment taxes. Report any federal unemployment (FUTA) tax on Schedule H if you paid total cash wages of \$1,000 or more in any calendar quarter of 2008 or 2009 to household employees. Also report any income tax you withheld for your household employees.

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

**Partnerships/LLCs.** File a 2009 calendar year **on-**return (Form 1065). Provide each partner with a copy of Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., or a substitute Schedule K-1. If you want an automatic five-month extension of time to file the return and provide Schedule K-1, file Form 7004. Then file Form 1065 by September 15.

**Electing large partnerships.** File a 2009 calendar year return (Form 1065-B). If you want an automatic five-month extension of time to file the return, file Form 7004. Then file Form 1065-B by September 15.

**Trusts and Estates.** File a 2009 calendar year return (Form 1041). Provide each beneficiary with a copy of Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc., or a substitute Schedule K-1. If you want an automatic five-month extension of time to file the return and provide Schedule K-1, file Form 7004. Then file Form 1041 by September 15.

**Corporations.** Deposit the first installment of estimated income tax for 2010.

**Gift Tax Returns.** If you made taxable gifts in 2009, file Form 709.

### **April 30**

If you have employees, a federal unemployment tax (FUTA) deposit is due if the FUTA liability through March 31 exceeds \$500.

The first quarter Form 941 (Employer's Quarterly Federal Tax Return) is also due today (except that you have until May 10 to file if you deposited all taxes for the quarter when they were due).

Employers must file Form UCT-6 with the Florida Department of Revenue.

**Other helpful line services**



[www.IRS.gov](http://www.IRS.gov)  
[www.MyFlorida.com](http://www.MyFlorida.com)  
[www.Volusia.org](http://www.Volusia.org)