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**We would like to welcome you to a new online informational newsletter which we believe you will find of interest. Each month brief articles on relevant topics will be included, along with a tax calendar for the current and following months.**

## **STAFF HIGHLIGHT**

Each month as part of our bulletin, we plan to highlight a couple of our team members. In no particular order, we plan to mention both new arrivals and seasoned veterans.

This month, we would like to introduce you to Jennifer Salisbury, who has been with the firm for over two years and Susan Kuhl, a five-year veteran.

Jennifer Salisbury is a staff II accountant. Her present duties consist of compiling financial statements and preparing sales and payroll tax returns for a variety of small business clients. As part of small business accounting services, Jennifer also records and maintains detailed asset depreciation schedules. In addition to her accounting responsibilities, Jennifer also assists with preparing individual income tax returns.

Prior to joining Cohen, Smith, & Company, CPAs, Jennifer was an assistant to the Chief Financial Officer for a large pest control company, where she also helped with accounts receivable and accounts payable processing. Jennifer also has experience with a retail food broker where she held various administrative positions, rising to become the company's office manager.

Jennifer attended the University of Florida and has recently returned to the University of Central Florida to complete her BA in accounting, which she expects to receive this year. She hopes to continue her education at the masters level and eventually sit for the CPA exam.

Jennifer has been married to "T.C." for fourteen years and they reside in Deltona. Her personal interests include spending time with her husband, reading and attending country-western concerts.

Susan Kuhl is a veteran member of the firm's administrative team. One of Susan's primary responsibilities involves maintaining the firm's project due date monitoring

system. She also processes payroll and performs bookkeeping and check writing services for some of our business and individual clients.

Susan's previous endeavors include working as a legal assistant, marketing representative, and real estate agent. Susan holds a diploma as a paralegal from the Professional Career Development Institute. She is also experienced in word processing and spreadsheet preparation.

Susan has been married to Bruce for 34 years, has one daughter, a son-in-law and three grandchildren. They currently reside in Lake Como.

Her personal interests include spending time with her family, walking and writing.

## **MARCH 2005 BULLETIN**

### **In This Issue**

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### **Correction**

In the February Client Bulletin article entitled "It's Not Too Late: You Can Still Save on 2004 Taxes," the correct date for a C corporation to file its tax return if it files for an extension is September 15, 2005.

### **Clarification**

In the same February article, under the subhead "Health insurance," the phrase "a portion" should have read "up to 100%."

### **Florida State Sales Tax Deduction**

Beginning with 2004, Florida residents who itemize their deductions on Form 1040 will be able to deduct state sales tax. While the new law allows using actual sales tax paid, most taxpayers will not have detailed records of actual 2004 sales taxes paid.

Fortunately, tables are provided which compute the allowable sales tax deduction based on 2004 adjusted gross income. In addition to the table deduction amount, sales tax paid on special purchases including cars, trucks, recreational vehicles, boats, planes, and building supplies is added to the standard table amount.

While the tables are reasonably representative of average sales tax paid based on income, many taxpayers could benefit from keeping detailed records on actual sales tax paid. You may want to consider the potential benefit of retaining actual sales tax paid records for 2005.

## **Florida Minimum Wage Change Effective May 2**

As you may know, Florida's new minimum wage will be effective May 2. Created through a constitutional amendment approved by voters in November, the new law applies to all Florida employees covered by the federal minimum wage. The state minimum wage will start at \$6.15 per hour and will be indexed to inflation each year. For tipped employees meeting eligibility requirements for the tip credit under the Fair Labor Standards Act, employers may count tips actually received as wages toward satisfaction of the minimum wage, but the employer may not pay less than \$3.13 per hour in direct wages.

## **New Law Ensures Free Annual Credit Reports**

### ***Take a simple step to protect your financial health***

One of the simplest and, since December, cheapest and most overlooked tasks in maintaining overall financial health is obtaining and reviewing a copy of your credit report, a task that should be done at least annually.

Your credit report may be your most critical document when trying to purchase a home or a car, obtain an educational loan or life insurance, or seek employment. A good credit report will also greatly increase your chances of getting the mortgage or loan you want at rates far lower than those for individuals with poor credit histories. Your interest rate on loans directly reflects your financial history, as detailed in your credit report-the better the report, the lower your rates. And trends in hiring indicate that employers are increasingly requesting candidates' credit reports, especially in the financial, securities, and insurance fields.

An important consumer-friendly rule in the federal Fair and Accurate Credit Transactions Act of 2003 (FACTA), which amends the Fair Credit Reporting Act, recently went into effect. The rule guarantees consumers one free check of a credit report every twelve months from each of the three major credit reporting agencies: Equifax, Experian, and TransUnion.

### ***In the realm of credit reporting, it's not a perfect world***

In a perfect world, credit reports would reflect an accurate history of your loans and debts, and this history would reveal only the most recent seven years of consumer activity, absent bankruptcy. People are often shocked to be barred from financing a fancy new car or their eldest child's education because of late payments made, say, 12 years prior to their current loan application.

You've worked hard to establish and maintain your good credit, and any misinformation about your credit history can and should be fixed. By regularly obtaining and reviewing your

credit report, you can avoid unwanted surprises such as the reporting of debts (that weren't discharged in bankruptcy) older than seven years, accounts you never opened (due, possibly, to identity theft), and other issues that could affect the accuracy of the report.

***Know your rights. . . and act on them!***

Not only do you have the right to report inaccuracies in your credit report, you can also argue for their removal. Once you have submitted copies of cancelled checks or electronic payments, along with identifying information such as your date of birth and Social Security number, the agency has 30 days to review and correct the information. You are also entitled to place a 100-word personal statement in your report, which is an ideal place to explain any past financial problems. You should speak with your CPA to ensure proper wording of your statement, because too much or incorrect information can be self-defeating. You should also instruct the credit bureau to send corrected reports to anyone who has requested your credit history within the last six months.

***Avoid fraud***

To avoid charges by fraudulent credit reporting companies that are actually scam artists advertising through "spam" (junk e-mails) or "pop-up" ads (junk Web-based advertising), you should only obtain your annual report through one of the following entities:

Equifax

Visit [www.equifax.com](http://www.equifax.com)

Call or write Equifax with

a request for a report at

1-800-685-1111 or write: P.O. Box

740241, Atlanta, GA 30374-0241

Experian

Visit [www.experian.com](http://www.experian.com)

Call or write Experian with

a request for a report at

1-888-EXPERIAN (397-3742)

or write: P.O. Box 2104, Allen, TX 75013

TransUnion

Visit [www.transunion.com](http://www.transunion.com)

Call or write TransUnion with

a request for a report at

1-800-916-8800 or write: P.O. Box

1000, Chester, PA 19022

Federal Trade Commission

Visit [www.ftc.gov](http://www.ftc.gov) or

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

Call or write the FTC with  
a request for a report at  
1-877-322-8228 or write: P.O. Box  
105281, Atlanta, GA 30348-5281

Because FACTA allows you to obtain one free credit report from each of these agencies every year, you should stagger your requests throughout the year, for example, one each season.

***One final note***

Your credit report lists your loan history, debts, bankruptcy and litigation information, liens that have been filed against you, and defaults, as well as your previous addresses. It does not reveal your credit score, which is the number lenders rely on to determine your creditworthiness. You can request your credit score for a low fee, typically about \$10, from any of the first three agencies listed above.

**Your Tax Refund Check Is "In the Mail." . . . Or Is It?**

There's no feeling quite as nice as getting your annual tax return completed and filed. Well, maybe there's just one better feeling. . .receiving your tax refund!

***Call to check on the status of your refund***

Call the toll-free IRS Refund Hotline at 1-800-829-1954 to check on the status of your refund. This line is limited to Form 1040-type individual and joint filers only.

If you have already waited four weeks since filing your return, you may call the toll-free IRS TeleTax System at 1-800-829-4477 to inquire about the date you can expect your refund.

In the rare event that your refund check has been lost or stolen, the IRS can issue you a replacement check once you fill out and submit Form 3911, Taxpayer Statement Regarding Refund, which is available on the IRS Web site.

***Check online at "Where's My Refund?"***

Visit [www.irs.gov](http://www.irs.gov) and click on "Individuals" at the left hand side of the IRS homepage. Then click on "Where's My Refund?" and you'll be routed to a screen that requires you to answer three simple questions -- your Social Security number, your filing status (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er)), and the dollar amount of your anticipated refund.

Taxpayers found the "Where's My Refund?" feature to be so helpful that they visited it 20 million times last year alone!

***Join the Millions Who E-Pay Federal Individual and Business Taxes***

Since its 1996 introduction, the Electronic Federal Tax Payment System (EFTPS) has enrolled more than four million individual and business taxpayers who pay their federal taxes electronically or by phone. Over \$8.8 trillion dollars has been collected through EFTPS

and its online companion, EFTPS-OnLine, and today over 95% of employment tax dollars alone are paid electronically.

***How do EFTPS and EFTPS-OnLine work?***

The Department of Treasury created the free EFTPS and EFTPS-OnLine tax payment systems to allow individuals and businesses to pay federal taxes electronically, online, or by phone at any time of day. EFTPS-OnLine, created as a Web-based complement to EFTPS, is as easy to use as the EFTPS telephone and PC software versions, yet it is more feature-rich. With EFTPS-OnLine, you can review your tax payment history, make or cancel a payment, change your bank account information, and print payment confirmations. Whichever system you choose, EFTPS or EFTPS-OnLine, you will benefit from increased accuracy and less back-end paper work.

***You control the payment schedule***

Both systems allow individuals and businesses to choose the date that federal taxes will be paid: Simply instruct EFTPS or EFTPS-OnLine to move funds from your account to the Treasury by 8:00 p.m. (Eastern Time) at least one business day in advance of a due date. Businesses can schedule payments up to 120 days in advance of their tax due date, and individuals can schedule payments up to 365 days in advance of their tax due date. Funds will not move from your account until the date you designate, and you will receive an immediate acknowledgment of your payment instructions.

It's okay to change your mind -- scheduled payments can be changed or cancelled up to two business days in advance of the scheduled payment date.

***Ideal for recurrent payments***

Businesses can securely and accurately make all federal tax payments, including income, employment, estimated, and excise taxes. Individuals can pay their quarterly 1040ES estimated taxes electronically and schedule their payments for an entire year in advance. They can also: (1) pay taxes owed on 2004 income tax returns; (2) pay projected taxes due when requesting an automatic extension of time to file; (3) pay quarterly estimated taxes for the next tax year; and (4) make credit card payments on an installment agreement for past due tax owed.

Enroll with EFTPS-OnLine or EFTPS at [www.EFTPS.gov](http://www.EFTPS.gov) or by requesting an enrollment form by phone at 1-800-555-4477, 1-800-733-4829 (TDD Hearing-Impaired), or 1-800-244-4829 (Español).

***A note to newly established businesses***

"Express Enrollment for New Businesses" lets business taxpayers start making federal tax deposits quickly. You are automatically pre-enrolled once you receive an EIN for your new business, and instructions on how to activate your EFTPS enrollment will be mailed to your new business address.

## TAX CALENDAR

### MARCH 2005

#### 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

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

**Corporations.** File a 2004 calendar year income tax return (Form 1120 or 1120-A) and pay any tax due. If you want an automatic 6-month extension of time to file the return, file Form 7004 and deposit what you estimate you owe.

**S corporations.** File a 2004 calendar year income tax return (Form 1120S) and pay any tax due. Provide each shareholder with a copy of Schedule K-1 (Form 1120S), Shareholder's Share of Income, Credits, Deduction, etc., or a substitute Schedule K-1. If you want an automatic 6-month extension time to file the return, file Form 7004 and deposit what you estimate you owe.

**S corporation election.** File Form 2553, Election by a Small Business Corporation, to choose to be treated as an S corporation beginning with calendar year 2005. If Form 2553 is filed late, S treatment will begin with calendar year 2006.

**Electing large partnerships.** Provide each partner with a copy of Schedule K-1 (Form 1065-B), Partner's Share of Income (Loss) From an Electing Large Partnership. The due date applies even if the partnership requests an automatic three-month extension of to file the Form 1065-B by filing Form 8736 or Form 8800.

#### March 31

**Employers.** If you file Forms W-2 electronically, they are due by this date. Otherwise, they were due February 28. The due date for giving the recipient these forms was January 31.

**All businesses.** If you file Forms 1099 electronically, they are due by this date. Otherwise, they were due February 28. The due date for giving the recipient these forms was January 31.

### APRIL 2005

#### April 11

**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 income tax return for 2004. If you want an automatic 4-month extension of time to file the return, file Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, or you can get an extension by phone or over the Internet if you pay part or all of your estimate of income tax due with a credit card. Then file Form 1040, 1040A, or 1040EZ by August 15.

If you are not paying your 2005 income tax through withholding (or will not pay in enough tax during the year that way), pay the first installment of your 2005 estimated tax. Use Form 1040-ES.

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

**Household employers.** If you paid cash wages of \$1,400 or more in 2004 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 2003 or 2004 to household employees. Also report any income tax you withheld for your household employees.

**Partnerships.** File a 2004 calendar year return (Form 1065). Provide each partner with a copy of Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, Deductions, etc., or a substitute Schedule K-1. If you want an automatic three-month extension of time to file the return and provide Schedule K-1, file Form 8736. Then file Form 1065 by July 15.

**Electing large partnerships.** File a 2004 calendar year return (Form 1065-B). If you want an automatic three-month extension to file the return, file Form 8736. Then, file Form 1065-B by July 15.

**Corporations.** Deposit the first installment of estimated income tax for 2005.

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