



# CLIENT NEWSLETTER

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## ***Midyear Course Corrections***

On June 1, 2011 Florida's minimum wage went to \$7.31/hour for all hours worked in FL. This is higher than, and takes precedence over, federal minimum wage of \$7.25/hour. More information and a copy of the FL Minimum Wage poster may be downloaded from the Agency for Workforce Innovation at [www.floridajobs.org/workforce/posters.html](http://www.floridajobs.org/workforce/posters.html). The Federal Minimum Wage poster may be downloaded from the US Dept of Labor at [ww.wagehour.dol.gov](http://ww.wagehour.dol.gov).

IRS has increased the standard mileage reimbursement rate to \$0.555 for all business miles driven on or after July 1, 2011. This is an increase of \$0.045 per mile in recognition of higher gas prices.

Also at July 1, the federal unemployment tax rate has dropped by 0.2%. This surtax was scheduled to lapse at June 30 and Congress has not chosen to extend it. For all hires on board after June 30, the assessment on the first \$7,000 in earnings will be 0.6% (\$42.00), down from 0.8% (\$56.00) for the first half of the year.

## **If You Really Want to Know...**

Launched this year, American taxpayers can go online and see exactly how their federal tax dollars are spent. By entering the total yearly amount of your social security tax, Medicare tax and Income tax, you can receive a breakdown of expenditures for your tax dollars. Your Taxpayer Receipt gives details on the allocation of spending of your tax dollars on defense, education, veterans benefits and healthcare. The information is summarized in major categories but can be expanded to show detail.

To use this service, go to [www.whitehouse.gov/taxreceipt](http://www.whitehouse.gov/taxreceipt). It's an interesting visual on how the money gets spent, especially the spending thru the tax code (credits and deductions).

## **Taxpayer Identity Theft**

So you finally collect all of the documents to prepare your return. Sitting at your computer, or turning the records over to a tax specialist, you complete the information and, eager for your refund, you hit "send" to electronically file your return. You certainly don't expect the error message that appears to tell you that a return has already been filed under this social security number, so this second return – your return – the one for the real taxpayer with this social security number is rejected! Now you file a paper return and complete form 14039, IRS Identity Theft Affidavit and wait four to six months for the matter to get resolved and your refund issued.

The IRS is dealing with a nearly five-fold increase in taxpayer identity theft between 2008 and 2010. Tax identity thieves typically submit returns for refunds early in the season. Unfortunately, once the initial return is accepted and the refund issued, the IRS cannot just shrug and issue a second refund to the same social security number. At this point the Service knows there's a problem. Unless you're the one waiting for the refund, taxpayers demand that the problem be resolved before going forward. Imagine if the identity thieves discovered a social security number that could be used multiple times to create a refund stream.

According to a report in the *St. Petersburg Times*, the populations in federal prisons in north Florida are generating the largest amount of these identity theft filings. In 2010, there were 248,357 incidents nationwide (up from 51,702 in 2008). As of last year, 95% of those prosecuted for refund-related identity theft are sentenced to prison. However, given the time it takes to resolve the theft issue and then the time to take such a case to trial, the staggering increase in these crimes makes a continued high prosecution rate look doubtful.

Once IRS makes the determination that you are who you say you are and that, indeed, you are entitled to the refund you have filed, the Service attempts to memorialize your identification. You are issued an "identity protection personal identification number" that you will use for filing your return the following year. A new PIN will be issued each year the taxpayer account is marked for potential fraud

## Managing Your Work Day

When I log on to my computer in the morning, my first task is to check my e-mail that has arrived since I logged off. Just this one task can derail my morning as I return thoughtful responses, put out fires and deal with whatever is arriving via computer or phone; and then realize the few desk clearing tasks I was going to be tending to before lunch can't possibly happen in the time available. The "tyranny of the urgent" as identified by Stephen Covey in The Seven Habits of Highly Effective People overcomes the 'to do' items that are important to us with THINGS THAT MUST BE DONE.

Peter Bregman addresses these moments of immediate derailment by stressing the plan for the day. At the end of every work day, or at the start of each, take a moment to determine what you can realistically accomplish to enable you to feel productive and successful. Write those things down. He allots five minutes for this task, which I find amusing, but this must be a skill that improves with practice. To analyze your performance, set your watch, computer or phone to ring every hour. Take one minute to review your list and determine if you've made strides towards achieving your goals.

Finally, at the end of the day, take five minutes to review what happened. Figure out what worked. Determine where you lost focus. How did you become distracted? Bregman insists that by following these guidelines consistently, the power of this ritual will pay off. Not only will you become more mindful of framing the answers about where you went astray, but that anticipation will inspire you to modify your behavior in advance.

So, I think I won't check my e-mails until 10:00 AM!

## ON MY CALENDAR RECENTLY

I just returned from the Florida Society of Enrolled Agents (FSEA) annual convention in Orlando. Sixteen hours of education, along with some prognostication of potential tax code changes, made for an interesting few days. Of course the association is abuzz with the new "Registered Return Preparers"; how they will be administered and the distinctions between their low level of expertise and other Circular 230 practitioners (EAs, CPAs & attorneys) .

Once back home I begin my term as education chair for the Suncoast FSEA chapter. -Ed.

## DATELINE: IRS

The 2011 hurricane season started June 1, and the Internal Revenue Service encourages individuals and businesses to safeguard themselves against natural disasters by taking a few simple steps.

**Create a Backup Set of Records Electronically:** Keeping a backup set of records — including, for example, bank statements, tax returns, insurance policies, etc. — is easier now that many financial institutions provide statements and documents electronically, and much financial information is available on the Internet. Even if the original records are provided only on paper, they can be scanned into an electronic format. With documents in electronic form, taxpayers can download them to a backup storage device, like an external hard drive, or burn them to a CD or DVD.

**Document Valuables:** Another step a taxpayer can take to prepare for disaster is to photograph or videotape the contents of his or her home, especially items of higher value. The IRS has a disaster loss workbook, Publication 584, which can help taxpayers compile a room-by-room list of belongings. A photographic record can help an individual prove the market value of items for insurance and casualty loss claims. Photos should be stored with a friend or family member who lives outside the area; or digitally, as mentioned above.

**Update Emergency Plans:** Emergency plans should be reviewed annually. Personal and business situations change over time as do preparedness needs. When employers hire new employees or when a company or organization changes functions, plans should be updated accordingly and employees should be informed of the changes.

## OFFICE NEWS

This quarter finds lots of out-of-office activity, though quarterly meetings will not be disrupted.

- July 4: Closed for the 4<sup>th</sup> of July holiday
- July 12 - 14: IRS Conference, Orlando
- July 30 - Aug 14: New Orleans, Austin & San Antonio. Road trip!
- September 5: Labor Day

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