

Winter 2009

Hi everyone!

Greetings from us here at Kevin E. Kimpton, CPA!

We recently heard a very sad, but true story. A man had his own business, formed an S corporation and paid himself \$2,000 a year. He died unexpectedly, leaving his wife and young children. They went to Social Security to get survivor benefits, but guess what? There were *none*, because *he never paid enough in to qualify in the first place!* Now his widow and children are left alone and penniless.

No one likes paying their self-employment taxes. You may ask: “What difference does it make if my income from self-employment is low or at a loss each year?” Or, “If I have formed an S corporation in order to lower my self-employment tax, why do I have to pay myself a wage? What do those taxes pay for anyway?” First of all the law requires reasonable wages for S corporation officers. Secondly, those taxes will eventually pay **YOU!!** They are directly related to the amount of social security you will receive when you qualify. That means if your main source of income is your business, and you pay little or no self-employment taxes, then when you reach 65 you will receive NO social security! Are you ready for that?? **DON'T LET THIS HAPPEN TO YOU!!** Please consult with your CPA, come in for planning and bring your social security benefits statement. It's better to pay now, than be the pauper later.

Would you like to have your taxes done by your skilled CPA without leaving your living room?



You can e-mail your secured documents to our office, have a telephone conference with your CPA to discuss relevant issues, receive your completed tax return via protected e-mail or sent to you on a CD and have your return electronically filed.

You also have the option of receiving your organizer via email. You can fill this out online and simply email it back, no postage, no driving, and instant delivery!

If you'd rather see your CPA face to face, we'll be **glad to see you!** But if time or distance is an issue, e-mail is the way to go! Regular mail or our drop-off box, are other options.

Homebuyer Credit Updates!

The \$8,000 refundable First-Time Homebuyer credit has been extended to April 30, 2010. This includes those purchased by 6/30/2010 where there was a binding contract in place by 4/30/2010.

New credit for existing homebuyers who want to “upgrade” or simplify. If you've owned your home for five or more years and purchase a new principal residence you may qualify for the “home buyer” credit of a maximum of **\$6,500**. A twist on the cash for clunkers – sell off that old home to get a new one – at least new to you! Contact your CPA for details!

* **Mileage Log Information:** The 2009 business mileage rate was 55 cents per mile. Have your log completed, be on guard, audit proof your deductions! The 2010 rate is 50 cents per mile.