



Corporate Tax Filers..Attention! 2011 Income Tax Update

Let the Filing Begin!!

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Hello there!

We are waiting for you! Please send us your docs to our secretary at info@vimlantax.com, if you have not done so already. If you are not filing with us, you may still use the following information for your use when and if you file with your CPA.

Tax Questionnaire: We are once again making available our [tax questionnaire](#), for free, as it is our attempt to be as thorough as possible in the preparation of your return. If you received a questionnaire last year, we will email it to you as a download link in the weeks ahead. You may still continue to use our past tax questionnaires (still available on our website) as a guide to start gathering your documentation. The tax questionnaire may not be enough however, and we wanted to bring some special items to your attention below.

Formatted Stock Worksheet

Please fill out our [formatted stock worksheet](#), available on our website, if you have had stock or mutual fund sales in the year. An example is included in the first row for you. Otherwise, please provide a csv file or an xls spreadsheet file your brokerage would provide you which details the relevant sale date, buy date, buy cost, sale cost, and security symbol information.

Home Owner Energy Credits

If you (and spouse if married) made or are considering investing in insulation, storm windows or doors, high efficiency furnaces or water heaters or similar energy improvements there is a 10-30% Federal income tax credit available in many cases. The bad news? It is limited to a maximum of \$500! A maximum of only \$200 can only be used for windows, and if you used more than the \$500 in the past 5 years, this credit is not allowed for you at all this year.

Mortgage Interest

Recent IRS scrutiny of home mortgage interest deductions now require us to carefully track re-financings and the use of loan proceeds. Please provide us with any new home loan information, closing statements from any re-financings, and a summary of what any additional loan proceeds were used for. The only mortgage interest you can deduct is the interest which is calculated on the loan amount not in excess of your original purchase loan. Home equity loan interest is deductible on loans up to \$100,000, as always.

Foreclosures

If your primary home has been foreclosed upon we would need to know about this. Most likely, there is no tax implication for you. However, we (or your CPA) would still need to appropriately report it. If it is your rental income property or even your vacation property which was foreclosed upon, please know your original cost, and any other 1099-A or 1099-C documentation your mortgage company would have provided you.

Charity

A scary IRS court case in 2008 reminds us of the rules on charitable contributions. ALL deductions of any

amount must have a receipt. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date you file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

***** Because of late Congressional action to enact tax law changes, anyone who itemizes and files a Schedule A will need to wait to file until mid- to late February. *****

Foreign Accounts

If you have read any news (and also any of our E-Newsletters) in the last year you know that the IRS is looking closely for offshore accounts (The IRS just completed on December 9th, the open voluntary disclosure for those seeking to show their foreign accounts in exchange for lesser penalties). If you have an account, rental property, or business interest with a value over \$10,000 in a foreign country, or a foreign business ownership (not through a mutual fund) please let us know as some special rules will apply to you. There are substantial penalties for failure to disclose these items. This year there is a new form for those over \$50,000 (as of the end of the year) in foreign accounts. These are known as [FORM 8938 rules. Click here for more info on that.](#) Those having foreign mutual funds and stock have an added special filing requirement as well. The new rules (part of something the IRS calls, "FATCA") would supposedly make foreign banks comply with IRS regulations by June of 2013 to report those holding accounts in their institutions.

Foreign Income

If you have had any foreign income from any source whatsoever, you would need to fill out our [foreign income worksheet](#), or provide a format whereby you detail your foreign income and foreign taxes in some sort of understandable format. Otherwise, we have designed our spreadsheet specifically for this purpose. Even if your foreign income is not from India, you can still use this [worksheet](#). This will help you take any credit for your foreign taxes and properly report any exempt income by category, if applicable.

Mileage Deductions

Deductible mileage rates changed during the year. Please provide us with the number of medical miles you drove during the year for this deduction. This includes trips to the doctor, dentist, pharmacy, dialysis, as well as any charity related volunteer work mileage. See [here for detailed info.](#)

Education Credits

A major revision of college credits by President Obama has provided us with the "American Opportunity Credit", a special credit for undergraduate college students. If you have children in college or near to college, please discuss some options with us or your CPA to assure that you receive the best benefit for these costs.

Rental Property

If you own rental property, this year the IRS has demanded substantially more information. We now need, **FOR EACH PROPERTY SEPARATELY**, the physical location, the type of property (single-family, duplex, etc.), and Forms 1099-K received, and a record, by property of the number of days rented and the number of days used for personal purposes.

Roth IRA Conversions

You will continue to hear from lots of "experts" this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. Please do not convert your accounts in 2011 without coming in to see us for an appointment to discuss both the positives and negatives. (for e.g., conversion might throw you into a higher tax bracket). **All conversions for 2011 would have to have been completed by December 31, 2011.**

Gift Changes

Effective 1/1/2009 the amount you may give to one person in one year without any return filing requirements has been increased to \$13,000 (for 2011 & 2012). Additionally, Congressional inaction on the estate tax front requires most people that have any substantial net worth to immediately consider estate planning. Please contact us or a qualified professional to discuss these issues if you have given a family member or anyone more than this amount.

Worthless Stocks and Bonds

If you own stocks or bonds that became worthless this year please be sure to provide us with the cost and purchase dates so that we can take any allowable deductions.

Tax Planning

We recommend a meeting with us or your CPA to discuss any future major during 2012 or if you are expecting major financial changes in 2012 such as retirement, inheritances, etc.

Future Income Tax Rates & Other

Now that Congress has extended the 2010 tax levels to 2012 for all taxpayers, we are able to much more accurately plan for 2012. Congress has also dramatically changed the estate tax rules for the future. In both cases we highly recommend that when you are getting your information for your 2011 Federal tax return that you set an appointment for an after tax season "Tax Tune Up" to examine tax and estate planning strategies. Estate planning for those having a worker H1B or L1 visas, and even Green cards is markedly different and insufficient and untimely planning on this front can definitely have costly consequences. The IRS does not allow the same tax breaks for non-US Citizens from an estate planning concern as it does US Citizens--known as "spousal portability" of estate tax exemptions.

There are literally hundreds of other changes, extensions and deletions that we will consider this year while preparing your return. Because of these changes we are requesting everyone to try to have their tax information in to us at least two weeks earlier than normal, and no later than April 6th, 2012. **The deadline this year is Monday, April 17th, 2012 due to a federal holiday falling on the 15th.** Please rest assured that we will utilize our best resources to once again provide you with timely, complete and accurate service while keeping your tax burden to the lowest legal amount. Thank you again for your continued support and your loyalty. We are truly grateful.

Sincerely,

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