

## Business Allegedly Helped Customers Evade Taxes

WASHINGTON. – The Justice Department has announced that a federal judge in Ft. Lauderdale has permanently barred Joshua Chikudo from preparing federal income tax returns for others. The civil injunction order was entered in a lawsuit in which the Justice Department alleged that Chikudo, who operates Quick Return Tax Services and Income Tax Services, prepares federal income tax returns claiming fraudulent fuel tax credits.

According to the government's complaint in the suit, the Internal Revenue Service (IRS) identified at least 350 federal tax returns Chikudo prepared claiming a total of more than \$1 million in fraudulent fuel tax credits. Chikudo also allegedly prepared returns with bogus telephone excise tax refund claims and a number of other false claims.

The court order requires Chikudo to mail a copy of the injunction to all persons for whom he has prepared a federal tax return or form since 2004 and to provide the government with a list of his customers' names, addresses, e-mail addresses, phone numbers and Social Security numbers.

According to the DOJ, in the last 3 months, there have been 35 companies that have been barred from federal tax preparation. See page two for ways to protect yourself.

## Tax Calendar for January

### Individuals:

15 - Final estimated tax payments for 2007

### Business

15—Monthly Federal Tax Deposit

21—Monthly Sales Tax

31— Form W2 to employees

Form 1099 to recipients

Payroll reports due for last quarter and year

## This Tax Filing Season Is Going To Be A Mess

You can thank your elected congressional representative for the mess that is coming this tax filing season. Millions of refunds are going to be held up. Lawmakers have had all year to increase the minimum tax exemptions for 2007 but have failed to do so. Although the lawmakers have verbally guaranteed they'll act this year (just as they have said all year long). Once the measure has passed, the IRS says they will need an additional seven weeks to program and test their computer systems.

The earliest the IRS will be able to process any returns will be February 4th, assuming that Congress acts by mid-December. There have been many promises about this getting done, but no one really knows when the lawmakers actually get the new laws on the books.

So, until the new live processing date is set by the IRS. All e-filed returns will be rejected and paper returns will pile up at the processing centers. This is really bad news for taxpayers that count on getting their tax refunds quickly. It has been estimated that this delay will affect 15 million taxpayers and delay payment of \$39 billion in refunds.

## Motivational Quote

**"It's hard to beat a person who never gives up"**

Babe Ruth, baseball player  
and No 3 on homerun list with a lifetime 714

Beginning Jan. 1, 2008, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

50.5 cents per mile for business miles driven;  
19 cents per mile driven for medical or moving purposes;  
14 cents per mile driven in service of charitable organizations.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile; the standard rate for medical and moving purposes is based on the variable costs as determined by the same study.

## Tips for Choosing a Tax Preparer

If you pay someone to prepare your tax return, choose that preparer wisely. Taxpayers are legally responsible for what's on their own tax returns even if prepared by someone else. So, it is important to choose carefully when hiring an individual or firm to prepare personal returns. Most return preparers are professional, honest and provide excellent service to their clients. Here are a few points to keep in mind when someone else prepares your return:

- A Paid Preparer is required by law to sign the return and fill in the preparer areas of the form. The preparer should also include their appropriate identifying number on the return. Although the Preparer signs the return, you are responsible for the accuracy of every item on your return. In addition, the preparer must give you a copy of the return.
- Review the completed return to ensure all tax information, your name, address and Social Security number(s) are correct. Make sure that none of these spaces is left blank.
- Review and ensure you understand the entries and are comfortable with the accuracy of the return before you sign.
- Never sign a blank return, and never sign in pencil..
- A Third Party Authorization Check Box on Form 1040 allows you to designate your Paid Preparer to speak to the IRS concerning how your return was prepared, payment and refund issues and mathematical errors.

## Tax Preparer's Qualifications

It's important for taxpayers to find qualified tax professionals if they need help preparing and filing their tax returns. Unqualified tax preparers may overlook legitimate deductions or credits that could cause clients to pay more tax than they should. Unqualified preparers may also make costly mistakes causing their clients to incur assessed deficiencies, penalties, and interest. Here are some suggestions to consider when hiring a tax professional:

- Avoid preparers who claim they can obtain larger refunds than other preparers. If your returns are prepared correctly, every preparer should derive substantially similar numbers.
- Beware of a preparer who guarantees results or who bases fees on a percentage of the amount of the refund. A practitioner may not charge a contingent fee (percentage of your refund) for preparing an original tax return.

Understand that the most reputable preparers will request to see your receipts and will ask you multiple questions to determine your qualifications for expenses, deductions and other items. By doing so they have your best interest in mind and are trying to help you avoid penalties, interest or additional taxes that could result from an IRS examination.

Choose a preparer you will be able to contact and one who will be responsive to your needs. Ask who will actually prepare the return before engaging services. Avoid firms where your work may be delegated down to someone with less training or some unknown worker. You should know exactly who works

with your tax matters at all times and how to contact him or her; after all, you are paying for it. Determine if the preparer is exporting your return to a foreign country for preparation. Foreign countries do not have the same security and privacy laws as the United States nor is there any recourse should your information be compromised as a result of lax or nonexistent privacy procedures.

Investigate whether the preparer has any questionable history with the Better Business Bureau, the state's board of accountancy for CPAs, the state's bar association for attorneys or the IRS Office of Professional Responsibility (OPR) for enrolled agents

Find out if the preparer is affiliated with a professional organization that provides or requires its members to pursue continuing education and holds them accountable to a code of ethics.

Check IRS.gov for information regarding abusive shelters and other tax schemes and scams. Remember, if it sounds too good to be true, chances are it is.

Unfortunately, unscrupulous tax return preparers do exist and can cause considerable financial and legal problems for their clients. Examples of improper actions by unscrupulous preparers include the preparation and filing of false paper or electronic income tax returns that claim inflated personal or business expenses, false deductions, unallowable credits or excessive exemptions.

Tax evasion is both risky and a crime, punishable by up to five years imprisonment and a \$250,000 fine. Remember, no matter who prepares a tax return, the taxpayer is legally responsible for all of the information on that tax return