

## Charitable Contributions

Did you make a cash contribution to your favorite charity? Have you recently spent a weekend cleaning stuff out of your garage or basement that you then donated to a local charity?

Charitable contributions can be tax deductible, but you must have the proper records to support your deduction. Due to the Pension Protection Act of 2006 the rules on recordkeeping for charitable contributions became a little more strict beginning in January 2007.

To deduct a charitable cash donation, regardless of the amount, you must have a bank record or a written communication from the charity showing the name of the charity and the date and amount of the contribution. Acceptable bank records would include canceled checks or bank or credit union statements containing the name of the charity, the date and the amount of the contribution.

Under the previous rules, records such as personal bank registers, diaries or notes made around the time of the donation could often be used as evidence of cash donations. Personal records like this

are no longer sufficient.

Here are some additional tips to help you deduct your charitable contributions on your 2008 federal tax return.

- Charitable contributions are deductible only if you itemize deductions using Form 1040.
- Contributions must be made to a qualified organization.
- Used clothing and household items such as furniture, linens and appliances must be in good used condition.
- Vehicle donations are subject to special rules.
- To deduct charitable contributions of items valued at \$250 or more you must have a written acknowledgment from the qualified organization.

To deduct charitable contributions of items valued at \$500 or more you must complete a Form 8283, Noncash Charitable Contributions, and attached the form to your return.

### Laugh Out Loud

Advice for the day: If you have a lot of tension and you get a headache, do what it says on the aspirin bottle: 'Take two aspirin' and 'Keep away from children.'

Author Unknown

## Tax Calendar for October

### Individual:

15 – 1040 with extension is due

### Business:

15 – 1065 with extension is due  
Payroll Tax Deposit

20—Monthly state sales tax due

31—Payroll reports due  
both federal and state.

## Employer Responsibilities Outsourcing Payroll

Outsourcing payroll duties can be a sound business practice, but know your tax responsibilities as an employer.

Many employers outsource some of their payroll and related tax duties to third-party payroll service providers. They can help assure filing deadlines and deposit requirements are met and greatly streamline business operations.

Employers who outsource some or all of their payroll responsibilities should consider many factors, including the fact that employers are ultimately responsible for the payment of income tax withheld and both the employer and employee portions of social security and Medicare taxes.

SWTC Business Services provides peace of mind to our clients through support and education. Tax time can be quite stressful and confusing with all of the complexity of the tax code. We can help you with this burden by preparing and filing your tax returns. Our commitment to our clients is that we provide with them with the very best service and advice we can offer.

## Bad Tax Advice: Murdering Your IRS Auditor

The Federal Bureau of Investigation (FBI), Tampa Field Office, announced the arrest of Randy Nowak, age 48, of Mulberry, Florida.

Nowak is charged in a criminal complaint with attempting to murder an employee of the United States, specifically the IRS, related to the performance of her official duties. The maximum penalties Nowak faces if convicted on all counts are 20 years' imprisonment and a fine of \$250,000.

According to the complaint, Nowak attempted to hire a hit man to kill the IRS Revenue Officer because she was investigating his personal and professional tax liabilities to the IRS. Nowak is the owner of RJ Nowak Enterprises, Inc., a Polk County construction company. On July

29, 2008, Nowak met with an undercover FBI Task Force agent posing as a hit man and paid him \$10,000 as a down payment for killing the IRS employee. Nowak also asked the undercover agent if he would be willing to burn down the IRS's office in Lakeland.

"The Treasury Inspector General for Tax Administration works aggressively to protect IRS employees from individuals who seek to impair the integrity of tax administration by threatening harm or committing violent acts," said Melissa Chedotal, special agent in charge of TIGTA's Atlanta field division.

"The FBI considers threats of violence against United States Government employees due to their enforcement and or investigative activities very serious mat-

ters and this case is a good example of our commitment to aggressively pursuing those responsible," stated FBI Special Agent in Charge Steven Ibison.

The case was investigated by the Treasury Inspector General for Tax Administration and the Federal Bureau of Investigation with assistance from Hillsborough County Sheriff's Office, Lakeland Police Department, Polk County Sheriff's Office, Mulberry Police Department and the Internal Revenue Service. The case will be prosecuted by Assistant United States Attorney Amanda Riedel. A complaint is merely a charge that a defendant has committed a violation of the federal criminal laws, and every defendant is presumed innocent until, and unless, proven guilty.

## Gambling Winnings and Losses

Your summer vacation might have been to the casino or the racetrack. What will you owe Uncle Sam if Lady Luck happens to be on your side?

Gambling winnings are fully taxable and must be reported on your tax return.

You must file Form 1040 and include all of your winnings. Gambling income includes, among other things, winnings from lotteries, raffles, horse races, and casinos. It includes cash winnings and also the fair market value of prizes such as cars and trips.

Anyone who pays your winnings or

awards you a prize is required to issue you a Form W-2G if your winnings are subject to Federal income tax withholding or if your winnings are over a certain amount.

However, all gambling winnings must be reported regardless of whether any portion is subject to withholding.

If your luck isn't always so good, you may deduct gambling losses. Losses may be deducted only if you itemize deductions and only if you also have gambling winnings. Claim your gambling losses as a miscellaneous deduction on Form 1040, Schedule A. But remember,

the losses you deduct may not be more than the gambling income you report on your return.

Even though you may be on vacation, if you want to deduct losses when you file your return next spring, it is important to keep an accurate diary or similar record of your gambling winnings and losses right now.

To deduct your losses, you must be able to provide receipts, tickets, statements or other records that show both your winnings and losses.

**Know more. Pay Less. Be Wise.** This is more than just a tag line for us at SWTC. We believe that this is the heart of our business. When people know and understand their tax situation, they will make better decisions and pay less taxes. We work very hard to stay on top of the changes that happen with the tax laws and their impact to our clients. Call us so that we can show you what we can do for you.