

LOIS

LOTS OF INTERESTING STUFF

BY ROBERT D FLACH

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IT'S FREE!

WELCOME TO THE PREMIERE ISSUE OF MY FREE NEWSLETTER "LOIS"!

My name is Robert D Flach, a tax pro from New Jersey who has been preparing 1040s for 40 tax seasons now. I also write the popular tax blog THE WANDERING TAX PRO at <http://wanderingtaxpro.blogspot.com>.

Your comments and suggestions on LOIS are welcomed and solicited, as are your submissions. You can email me at rdftaxpro@yahoo.com – be sure to put "LOIS" in the "subject line".

LOIS is distributed as a "pdf" email attachment, so **if you want a free subscription just send me an email.**



DID YOU KNOW?

Did you ever wonder how Dick Wolf came up with the concept for the original "Law & Order" – first half "law" (police capturing the "perp") and second half "order" (the trial)?

Successful broadcast television shows can make lots of money in "syndication", often more than the original production. Some shows have been known to operate at a loss on the initial broadcast episodes (they cost more to make than the network pays for airing) just to be able to create a sufficient syndication "inventory". As one online explanation of the process put it – *"If you can get a television show in syndication, you can live off that money for the rest of your life."*

20+ years ago it was easier, and more profitable, to syndicate a half-hour series than it was an hour-long program. But the networks were looking for hour-long drama series. The "Law and Order" format – basically a half hour of police and a half hour of lawyers – was essentially created so it could be run as two-part half-hour episodes in syndication. Dick and company had toyed with several such two-part shows, with names like Night and Day.

As it turns out DW did not have to worry about creating half-hour segments for syndication. I expect that the L&O franchise is the most syndicated in history, and that every hour of every day an episode of L&O or one of its spin-offs is running somewhere in the world.

Actually the idea of half police procedural and half courtroom drama was not new to television. "Arrest and Trial" was a 90-minute series that aired one season on ABC, ON Sundays from 8:30-10:00 pm during the 1963-64 season.

According to Wikipedia - *"Each week's program was actually two 45-minute segments. The first segment followed Sgt. Nick Anderson (Ben Gazzara) of the LAPD as he tracked down and apprehended a criminal. The person Anderson arrested was defended in the second half of the show by criminal attorney John Egan (Chuck Connors)."*

You will note that it differed from L+O in that the trial portion was presented from the defense point of view and not that of the prosecution.

As a bit of side trivia - "Arrest and Trial" became the first American import to be broadcast on the UK's BBC2.

Episodes of "Arrest and Trial" are available on DVD. I watched several earlier this year via my Netflix subscription.

Coincidentally, Dick Wolf used the title "Arrest and Trial" for a short-lived 30-minute syndicated "docudrama" hosted by Brian Dennehy in 2000. The show followed individual criminal cases (commission, police investigation, and actual trial) via a combination of reenactments and real trial footage.

A fellow tax pro "twit" has told me that "Law and Order" will tie "Gunsmoke" for the longest-running television show - with 20 seasons each. He tells me that in terms of number of episodes "Gunsmoke" beats L and O - with about 200 more over the 20-year period. But from 1955-1961 "Gunsmoke" was a 30-minute show, expanding to an hour in Sept, 1961 - so when it comes to hours of episodes the race is closer.

Have you seen the "Law & Order: UK" hands across the water spin-off - the first US television series to be adapted for British television (it is usually US television that steals from British tv) - on BBC America? It seems that the British just do tv better - they make rehashed US "Law & Order" scripts look fresh.

BTW - I will miss Detective Goren.

Become a regular visitor to my blog THE WANDERING TAX PRO for -

- **up-to-the-minute advice, information, resources, and commentary on federal and NJ state income taxes and the NJ property tax rebate programs;**
- **updates on federal and state tax legislation, IRS and NJ Division of Taxation rulings and regulations, and federal and NJ tax court decisions;**
- **insights and observations on operating a 1040 tax preparation practice.**
- **information on other online tax planning and preparation resources, and**
- **other interesting "stuff".**

Hope to "see" you soon at <http://wanderingtaxpro.blogspot.com>

IRS INCREASES STANDARD MILEAGE ALLOWANCE

Even the IRS can change its mind.

A little over a month ago Ligeia Donis, Assistant Branch Chief with the IRS Office of Chief Counsel, said the Service had no plans to increase the 2011 standard mileage allowance rates in response to high gas prices.

But in late June the IRS announced that the Standard Mileage Allowance will go up by 4.5 cents per mile effective for July 1 through December 31.

The Standard Mileage Allowance for business use of your car for 2011 will be 51 cents per mile for mileage driven from January 1st through June 30th, and 55.5 cents per mile for mileage from July 1st through December 31st.

The Standard Mileage Allowance for Medical and Moving travel is 19 cents per mile for January 1st through June 30th, and increases to 23.5 cents per mile for July 1st through December 31st.

The Standard Mileage Allowance for Charitable driving remains at 14 cents per mile. This rate is determined by the idiots in Congress, and has not been increased in a dog's age (except for a temporary increase a while back for charitable travel related to Katrina relief).

This means that my 1040 clients will have to keep track of medical and business miles separately for 2011 for January through June and July through December. A mid-year increase occurred once before - in 2008.

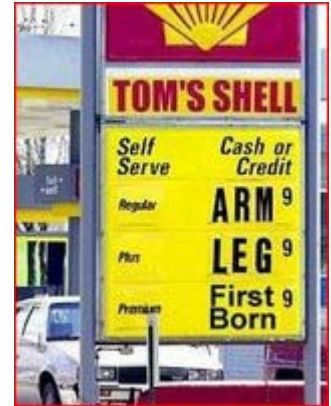
As usual the IRS is behind the market, as someone just commented to me last week that gas prices should begin to drop any day now.

If you use your car for business you must keep "contemporaneous" records of your business mileage. This means that you should record the information on the day the trip occurs.

Record each individual business trip separately. Enter the date, location, business purpose and miles driven for each trip in some kind of diary, account book, or expense log. Parking and tolls are deductible in addition to the standard mileage allowance. If you do not have EZ Pass you should also note any toll expenses. I also enter in my travel log the quarter I put in the meter while visiting a client.

You should start off the year by entering the total miles on your car on the morning of January 1st in your log - and end the year by entering the speedometer reading after your last trip on December 31st. If you sell the car during the year, enter the total miles on the date of sale and enter the beginning mileage on your new car on the day you drive it off the lot. In addition to the business miles driven for the year you will also need to know the total miles driven for the year.

The simplest way to deduct business use of your automobile is to use the standard mileage rate. But you can also elect to claim the business use percentage of the actual cost of maintaining your car, including depreciation. Obviously you want to use the method that gives you the



biggest tax deduction. Be advised that there are special rules for determining what method you can use - you should consult your tax pro.

Keep a car maintenance log to record all auto expenses for the year - gas, oil, tune-ups, repairs, car washes, etc - so you will be available to make an informed decision on what method to use. This is especially important for a new car, or for the first year you are deducting business use of a car.



SURFING USA - www.idrink.com

As the host/bartender of a holiday party you would have no problem if a guest asks for a "Screwdriver" or a "7 and 7". But what if someone requests a "3am On A School Night" or "A Kick In The Bollocks"? You can go to this site and search the data-base of over 6000 mixed drinks and cocktails.

"3am On A School Night" is 1 shot Wild Turkey and 4 shots Kool-Aid Tropical Punch. "A Kick In The Bollocks" is ½ oz Coconut Cream, 1 oz Double Cream, 1 oz orange juice, 1 oz Peach Schnappes, and 1 oz Dark Rum shaken and strained into a 5 oz cocktail glass and garnished with two melon balls marinated in the rum.

I did a search for "Stinger" and came up with 16 variations. My drink is the "Brandy Stinger", which, as I thought, is 3 parts Brandy and 1 part White Crème de Menthe - shaken, not stirred.

ITEMIZED DEDUCTIONS: A COMPLETE GUIDE TO SCHEDULE A: 2011 EDITION by Robert D Flach, the internet's WANDERING TAX PRO.

A comprehensive report that discusses just about everything that is, and is not, deductible on the Schedule A, updated for tax year 2011.

It discusses -

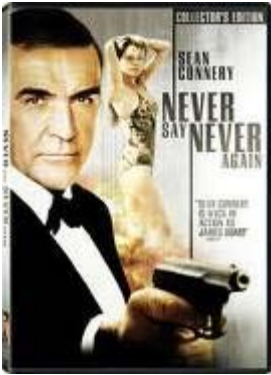
Deducting Medical Expenses,
Deducting Taxes,
Deducting Interest,
Deducting Contributions,
Deducting Casualty and Theft Losses, and
Deducting Miscellaneous Deductions

The report includes a special section on Keeping Track of Business Expenses and The Dreaded Alternative Minimum Tax, and a 13 forms, schedules and worksheets to help document and summarize and your 2011 itemized deductions.

SPECIAL OFFER FOR READERS OF LOIS - \$4.95 (\$2.00 discount)!

Mail your check or money order, payable to TAXPRO SERVICES CORPORATION, to -

GUIDE TO SCHEDULE A - LOIS SPECIAL OFFER
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PMB 304 - 72 VAN REIPEN AVENUE
JERSEY CITY NJ 07306-2806



SOMETIMES IT'S OK TO SAY "NEVER"

Despite what the title of the remake of the James Bond film "Thunderball" suggests, sometimes it is OK to say "never".

When it comes to taxes I can think of at least 10 -

(1) NEVER file a fraudulent return.

As the former British Chancellor of the Exchequer Denis Healey said - "The difference between tax evasion and tax avoidance is the thickness of a prison wall".

Tax avoidance is the lawful and ethical use of accepted procedures to reduce your tax liability. Tax evasion is a willful misrepresentation or concealment of information. Despite growing public acceptance of cheating on tax returns, reckless tax evasion is a very dangerous matter. There are many legal ways to reduce your tax liability - too many to risk your future with tax fraud.

Normally the IRS has 3 years to audit a tax return. If fraud can be proven the Service can go back and audit every return you have ever filed.

(2) NEVER pay a person to prepare your tax return who has not registered with the IRS and received a Preparer Tax Identification Number (PTIN).

And never use a preparer who will not sign the finished returns (if he/she refuses to sign you refuse to pay), or who charges a fee based on the amount of your refund.

(3) NEVER ignore a notice or correspondence from the Internal Revenue Service or a state tax agency.

If you receive a notice in the mail give it to your tax preparer immediately. If you prepared your own return and do not understand the notice consult a tax professional.

(4) NEVER assume that a notice or billing you receive from the Internal Revenue Service or a state tax agency is correct.

Do not automatically pay the balance due on a notice from the IRS or the state. More often than not the notice is wrong. To repeat - If you receive a notice in the mail give it to your tax preparer immediately. If you prepared your own return and do not understand the notice consult a tax professional.

(5) NEVER hold up filing your return, or an automatic extension request, by the April statutory deadline simply because you do not have the money to pay the tax you owe.

It is vitally important that you file your 1040 or 1040A, or 4868 extension application, by the April deadline, even if you cannot pay all or any of the tax due on the return. Along the same lines, if you have requested an extension be sure to get your tax return in the mail by October 15th, again even if you cannot pay all or any of the tax due. The penalty for paying late is .5% (1/2 of 1%) of the tax due per month. The penalty for filing late is a full 5% of the tax due per month - 10 times more!

(6) NEVER respond to an unsolicited email from the IRS.

As a fellow tax blogger put it *"If the IRS sends you a notice via e-mail, the IRS did not send it"*. The IRS does not send notices via e-mail.

If you receive an email allegedly from the Internal Revenue Service delete it unopened. Don't click any of the links - the link will either try to collect your bank information or it will dump malware on your computer.

(7) NEVER have your tax returns prepared by one of the "fast food" preparation chains.

You will pay gourmet restaurant prices (H + R ain't cheap!) for fast food service and be pressured to purchase unnecessary additional products and services.

(8) NEVER assume that just because a person has the initials CPA after his/her name that he/she knows his/her arse from a hole in the ground when it comes to preparing 1040s.

The only initials that have any bearing on 1040 competence and currency is "EA" - for Enrolled Agent (an EA is not an employee or representative of the IRS). And, when the IRS tax return preparer regulation regime is finally phased in, "RTRP" - for Registered Tax Return Preparer.

There are many CPAs out there who are indeed competent and current in 1040 taxation, but unfortunately the IRS, allegedly due to some statutory prohibition, will not allow them to identify their skills by also being granted the initials RTRP. CPAs are exempt from the testing and continuing education requirements under the tax preparer regulation regime, and therefore will not be granted the status of RTRP.

(9) NEVER use a tax resolution company that promises to get you "off the hook" with the IRS for "pennies on the dollar".

If, God forbid, you fall behind with your taxes or encounter trouble with the IRS and find yourself with a huge balance due to your Uncle Sam, including excessive accrued penalties and interest, do not, under any circumstances, call upon a company whose tv ads promise to resolve your IRS debts for "pennies on the dollar" for help. This is a promise that no one can make!

(10) And perhaps the most important - NEVER accept tax advice from anyone other than a professional tax preparer.

Don't listen to a broker, a banker, an insurance salesman, your neighbor, or your Uncle Charlie!

I am sure for the most part those who give you free tax advice are doing so out of a genuine desire to help you, and sincerely think they know what they are talking about. But most of the time they don't.

DEBIT CARDS VS CREDIT CARDS

Speaking of "Never" - NEVER, NEVER, NEVER use a debit card to make an online purchase!

Question: When should you use your debit card to make an online purchase? Answer: NEVER.



Have I made my point?

A debit card allows you access to the available cash in your checking account to make purchases. A credit card allows you to borrow money to make purchases. With a debit card you cannot spend more than you have.

Several years ago I cut up my credit cards to avoid falling deep into debt at usurious interest rates. I vowed to only use my debit cards. I soon learned that there is an important difference between debit and credit cards.

In the past, whenever I had a problem with a credit card charge I would notify the card provider and on my say-so alone the charge would be automatically removed from my account. On the other side of the aisle, I have heard horror stories from business clients regarding credit card payments for their good and services.

A client who provided escorted rail travel told me about one of his customers who charged a trip to her credit card. The customer went on the trip and received everything promised in the trip itinerary. However, for some reason the customer did not enjoy the trip as much as expected and told her credit card company to reverse the charge for the fee, which it did. My client was out his fee for the trip after laying out all the costs of travel and accommodations for the unhappy customer. He had to fight long and hard with the credit card company to get his money back.

I had a problem with a debit card charge years ago and my bank was not as accommodating as the credit card providers had been. It would not automatically remove the debit to my account. I was told I had to resolve the matter with the vendor. I had to fight long and hard with the bank to get my money back.

In the case of a credit card charge the customer receives the benefit of the doubt and the merchant or vendor must prove that the charge was valid, as it should be. With a debit card charge the merchant or vendor receives the benefit of the doubt and the bank customer who was cheated or shorted must prove the charge was invalid.

To sum up, it is much easier to dispute a charge on a credit card than on a debit card. A credit card issuer will remove the charge until a resolution is made, but a debit card charge will not be removed without dealing directly with the merchant.

The reason for the different treatment is because credit card charges are covered under federal and state consumer protection laws, while debit card charges, like ATM activity, are covered under banking laws that pertain to the electronic transfer of funds.

A debit card, which is basically a cash card, should only be used in lieu of cash - at restaurants, local supermarkets, stores and theatres, and hotels and motels - in instances where you are actually receiving the product or service "in hand" at the point of purchase. A credit card should be used in all cases when you are making a payment in advance, both online and offline, for products or services to be delivered in the future. This way if the product or service is not received as promised it will be much easier to get your money back.

So now, when should you use your debit card to make an online purchase?



My Heart Will Be Blessed With the Sound of Music

I can't work without music playing. So when I am "at the desk" (or on the computer) the radio, more recently streaming online radio, is always on.

And it is not just while I work. My uncle, with whom I traveled the globe (and who has since gone to his final audit), used to comment that the first thing I did when entering our hotel room was turn on the radio.

I expect one reason is that my mentor, James P Gill, would play NYC radio station WRFM - home of "American Popular Standards" - constantly in the office at Journal Square in Jersey City (where the "Jersey Bounce" started). I learned the art of tax preparation listening to radio personalities Jim Branch and Jim Aylward, the music of Andy Williams, Jack Jones, Steve Lawrence, Barbra Streisand, Perry Como, Nat King Cole and Frank, Dean and Sammy, and learning "Things No One Ever Told You".

The music was relaxing and helped us cope with the stress and frustration of the tax season.

When WRFM changed to WNSR and soft rock in 1986, after we had moved from Journal Square to Newark Avenue, we switched to WNEW-AM. When WNEW-AM was replaced by Bloomberg we switched to WQEW-AM until Disney took over in 1998. I then tuned in to WMTR-AM from Morristown, whose signal was not always strong enough to get in Jersey City. But that station changed its format to oldies. "American Popular Standards" had disappeared from my radio!

Nowadays with streaming radio playing on the internet I am not limited to local stations. In my wanderings on the web I came across "Radio Locator" (<http://www.radio-locator.com>), a comprehensive radio station search engine with links to over 10,000 radio station websites and over 2500 audio streams from radio stations in the U.S. and around the world. You enter a "format" (i.e. nostalgia for me, or country, hip hop, jazz, oldies, rock, top-40, etc) and get a listing of stations that feature that particular format.

This is how I eventually found AM 880 KIXI radio (<http://www.kixi.com>) from Seattle Washington. When I first discovered the station it was a member of the "Music of Your Life" syndicated radio network, where "disc jockeys" Peter Marshall of "Hollywood Squares", legendary singer Pat Boone, and the sons of Les Brown and Mel Torme, among others, play the "music of your life" and reminisce. KIXI is no longer in the MOYL network, but still plays American Popular Standards.

I still occasionally listen to the Music of Your Life network via its own website - <http://www.musicofyourlife.com>.

Radio Locator also let me to "The Spa" (<http://www.thesparadio.com>) on AM 1450 KFSD in San Diego's North County, which I am listening to right now.

And, of course, on Saturday and Sunday from 12 noon to 4:00 PM it is Jonathan Schwartz on WNYC 93.9 FM (<http://www.wnyc.org>).

I can now play American Popular Standards and listen to Jack, Steve, Henry, Barbra, Perry, Nat, Frank, Dean and Sammy while I work once again!

As I am writing this I am listening to Dean Martin singing "Just In Time".

ON THE ROAD AGAIN

I recently discovered a new tax preparer membership organization, the National Association of Tax Consultants, which will be having its annual conference this fall in San Antonio, Texas.



My visit to San Antonio (<http://www.visitsanantonio.com/index.aspx>) was in August of 2004 to attend the National Society of Tax Professionals' annual conference, held at the perfectly located Marriott San Antonio Rivercenter (<http://www.marriott.com/hotels/travel/satrc-san-antonio-marriott-rivercenter>).

The Marriott Rivercenter was the perfect location because it is at the start of the "Riverwalk" (<http://www.thesanantonioriverwalk.com>), aka "El Paseo de Rio", is attached to the Rivercenter Mall (<http://www.shoprivercenter.com>), 125 shops and restaurants sandwiched between the Foley's and Dilliard's department stores, and is next to the Alamo (<http://www.thealamo.org>), perhaps the state's most famous attraction (next to the South Fork Ranch of DALLAS fame).

Established in 1718 as "Mission San Antonio d Valero", the Alamo is where, in 1836, Davie Crockett, Jim Bowie and 188 others died fighting for independence during a 13-day siege by the army of General Santa Ana.

Also nearby is the historic Menger Hotel (<http://mengerhotel.com>). It is said that Teddy Roosevelt recruited his "Rough Riders" in the hotel's bar.

The NATC conference will be held further along El Paso de Rio at the Riverwalk Plaza (<http://www.riverwalkplaza.com>). It will provide a different perspective.

When I first heard of the Riverwalk I assumed it would be a developed waterfront similar to ones I had been to in Norfolk, Savannah, and New Orleans. I was surprised to discover it was more like Venice, with a very narrow river winding through the city. A WPA project completed in 1941, it is 3 miles of pathway along the river bank 20 feet below street level with unique footbridges, lush green foliage, and a lots of shops and restaurants.

Walking home from dinner one night I found that San Antonio also has a "Pat O'Brien's" (a "branch" of the original New Orleans bar and restaurant) across the street from the Alamo. It is apparently still there.

As expected, the weather in South Texas at the end of August was truly "brutal", with 92-96 degree days. I was reminded of the heat on my visit to nearby Austin for a tax conference last summer. While I do not intend to return to Austin, I have always wanted to go back to San Antonio.

I am glad this conference is scheduled for the end of October, when it should be much cooler. Too bad it is not in January, when the river is drained and the city holds an annual "Mud Festival", complete with Mud King and Queen. I was told this is the best time to visit San Antonio, as the hotel room rates are at their lowest and the daytime temperature drops to between 40 and 50 degrees.

I look forward to returning to San Antonio, and to writing about my trip here at LOIS.

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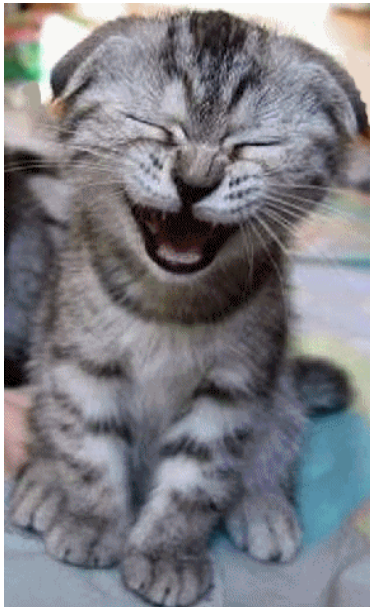
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ALWAYS LEAVE 'EM LAUGHING!

A man walks into a bar and orders a beer. He takes a sip and hears a voice say, "Nice tie".

The only other person at the bar is the bartender, and he is standing at the opposite end of the bar.

A few minutes later the man hears another voice say "You're looking good. Have you lost weight?"

The man calls the bartender over. "I must be losing my mind," he says. "I keep hearing voices say nice things about me."

"It's the peanuts," the bartender explains.

"What do you mean?" the man asks.

"They're complimentary!"

ANY COMMENTS, QUESTIONS OR SUGGESTIONS?

WOULD YOU LIKE TO SUBSCRIBE?

EMAIL ME AT rdftaxpro@yahoo.com

(be sure to put LOIS in the "subject line")

SEE YOU NEXT MONTH!

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