

# Small Business and Work Opportunity Tax Act of 2007

On May 25, the President signed into law H.R. 2206, the Iraq emergency supplemental appropriations bill. The bill created the Small Business and Work Opportunity Tax Act of 2007 (the Small Business Act).

One provision in this new act is toughened unreasonable position penalty rules. A tax return preparer who prepares a return or refund claim for which any part of a tax liability understatement is due to an "unreasonable position" must pay a penalty. Please contact me for more information on this and other new provisions included in this bill.

## *Intoxication:*

Euphoria at getting a refund from the IRS, which lasts until you realize it was your money to start with.

## What is the "Tax Gap" that the IRS and Congress are talking about?

It is the difference between what taxpayers filed and paid and what they should have filed and paid. The IRS is working on ways to reduce this. The tax gap is caused by not filing tax returns, underpaying tax liabilities or not reporting income.

**PK** Tax Services, L.L.C.

Pat Kolodziej, CPA, MST  
627 Arlington Lane  
South Elgin, IL 60177  
patk@pktaxservices.com  
www.pktaxservices.com  
847.858.5074

## UP to-the MINUTE TIMELY TAX TIPS

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## Tax Strategies For Homeowners Selling At A Loss

While real estate generally appreciates in value over time, homeowners who are forced to sell their home (especially if they bought at the height of the market) may have to sell at a financial loss.

A loss is generally not allowed for tax purposes on the sale of a personal residence. A tax loss is only allowed if the taxpayer is treated as having converted his home into business or income-producing property.

Please contact me if you are interested in determining whether you qualify for these types of losses.

## Tax "Coupon"

Redeem for free advice on whether you qualify for \$1,000 per child in tax savings on your next tax return!

## WARNING!

*Never, never, never open an email sent from the IRS!* The IRS does not send emails - they only communicate via the US Mail. Any email you receive from the IRS is an attempt to obtain your personal information for illegal purposes.

## Get Ready for Next April 15th!

Think taxes now and do a few simple things to reduce your headache for next April 15th!

**1. Organize.** Begin now to organize your tax documents that you will accumulate during 2007. Have a folder or envelope for pay stubs and quarterly income statements from banks or brokerage houses. Keep an envelope for charitable contributions, medical bills and taxes. Use your 2006 tax return as a guide to the type of

expenses you will need for tax time. A little organization now will reap tremendous benefits next tax season when all the required documents are easily located.

**2. Plan effectively.** Taxpayers should avoid paying tax liabilities beyond their legal obligation. One way to do so is to participate in your company's 401(k) plan or make qualified retirement plan contributions to reduce your adjusted gross income.

Also, you may adjust your withholding or increase your estimated tax payments if you owed taxes for 2006. Make these adjustments now so that you will have adequate withholding for 2007 or your estimated tax payments are sufficient to cover your tax liability. Proper planning today will avoid penalty and interest tomorrow.

**3. Meet with your tax professional.** The Tax Code is complex and often taxpayers need the assurance of a knowledgeable tax professional to direct them through the maze of tax laws. Your personal circumstances may change. Divorce, marriage, the loss of a dependent may radically change your tax situation. Consult with your tax professional early and often when life circumstances may have a tax affect.

*A little planning today results in a great plan for April 15th!*

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