

May 19, 2008

Issue 2008-16

ExacNews

ExacTax Client:

It feels like summer has arrived already but everyone here is ready to roll. We're already looking ahead and are working on next year's forms. Be sure to note our summer schedule below.

Operating Hours

Regular hours are 8:30 – 5:00, Monday through Thursday.

▶ **ExactTax will be closed on Fridays through September 12th**.

ExactTax will also be closed on May 26th and July 3rd.

Postage has Gone up Again

It seems like just yesterday that postal rates went up and now they've done it again. Effective May 12th a regular first class letter now requires 42 cents. Please review your postage as we are starting to receive mail with postage due. Sending mail with postage due will not only incur procedure charges, it will also cause a delay in delivery to us.

Fiscal Year Proforma

Proforma has been printed for fiscal year business returns processed between March 7 and May 15, 2008. RDE users can retrieve any new files using the ExactTax RDE Communications Center. From the main menu bar select *Utilities | Retrieve Proforma Files*.

Prior Year Returns

ExactTax processes all prior year returns from 2000 through 2006. These are processed on a daily basis.

Bonus Depreciation is Back

The Economic Stimulus Act of 2008 temporarily reinstated the 50% Bonus depreciation allowance on qualified property placed in service after 12/31/2007 and before 01/01/2009 (before 01/01/2010 for certain transportation property). This deduction will automatically be computed for qualified 2008 assets in fiscal year returns on new IRS *Form 4562-FY*.

Estimated Tax Vouchers

When preparing extension returns that require estimated tax vouchers, keep in mind that four vouchers are always prepared by default, regardless of the processing date. If you are processing a 1040 return and only want vouchers 2, 3 and 4, you must enter a code **3** (for the last three vouchers) in zip 40 on Form Est **[6A]**. For state vouchers, an equivalent entry is required on the state input form, such as California Form CAEst **[6A]**, zip 13.

Amounts for code #6:	
Taxpayer SE income	[36]
Spouse SE income	[37]
Adj gross income	[38]
Other tax/credit adj	[39]
Number of 2007 vouchers desired ^{***}	[40] 3 (codes below)

Note: Zip 40 will not work when you use codes **5** or **9** in zip 29 for predetermined voucher amounts. With code 5, all vouchers requested will be reduced by any overpayment applied.

When a code 9 is used, all vouchers requested will not be reduced by any overpayment. Because the overpayment is not applied to reduce the estimate with code 9, to apply an overpayment amount to 2008 enter Overpayment code **8** in zip 27 and the amount to be applied in zip 28.

Amounts Already Paid on Estimates

If one or more estimated tax payments have already been made, enter the amounts paid in zips 32 through 35 on Form Est **[6A]**. These payments will be subtracted from the total estimated tax liability to determine the remaining voucher amounts and will be proformaed in the payments area next year.

Note: You can not enter both pre-determined estimated tax voucher amounts (zip 29 with codes 5 or 9) and estimate amounts already paid on Form Est since the same zip boxes are used for both purposes. When this situation occurs, we suggest that you use zip boxes 32 through 35 to enter the amounts already paid and use the Tax Projection Worksheet, (Input Form TPW-2 **[98C]**), to enter the predetermined amounts for the 2007 regular tax (zip 1) and Alternative Minimum Tax (zip 25). Enter zero in overrides for all credits, withholding, etc. to prevent any adjustment to your tax totals.

Enter a code **8** on Form Est **[6A]**, zip 29, to have the tax projection information used for the estimate. Do the same for state estimates using the state tax projection. For California use Form CATPW **[CA35]**.

In the example of Form **[6A]** below, the first federal estimate payment of \$2,000 has already been made and a code 8 is entered to use the Tax Projection Worksheet **[98B and 98C]** for the 2008 estimated tax.

2008 Estimates - Calculated		
Form 1040ES – declaration**	[29] 8	(codes below)
Withholding adjustment	[30]	
Amount for code #2	[31]	
Amounts for code #5, #9 or 2008 estimates paid:		
1st payment	[32]	2000
2nd payment	[33]	
3rd payment	[34]	
4th payment	[35]	

Billing Queries and Reminders

When requesting adjustments to your billing, state the reason in the comment section of your remittance and submit it with your payment. Any problems or questions regarding billing queries may also be faxed directly to the Accounting Department at 714-999-6566. Requests for credit must be made in writing.

IMPORTANT: *Accounts with an outstanding balance over 21 days will be placed on C.O.D. status. C.O.D. accounts will be shipped UPS C.O.D. for the balance past due plus the returns currently being shipped.*