



To: Clients & Friends Of Pro@ctive CPA  
From: Mark Wyssbrod, CPA – Managing Member  
Date: July 31, 2009  
Re: August Pro@ctive Update – Sales Tax Holiday, Reviewing Your Business Model, Minimum Wage Increase, Health Care Reform, Cash For Clunkers, & Year End Tax Planning Season Is Upon Us!

#### No Sales Tax

Be certain not to miss the (sales) tax free holiday for back to school shopping this weekend (July 30 – August 2, 2009). For more information visit:

<https://etax.dor.ga.gov/salestax/holiday/2009/index.aspx>

#### Reviewing Your Business Model

The past two years have been brutal for most small businesses. Entering the summer of 2009 retail establishments will witness another drought of consumer spending. Small businesses have seen revenues shrink as well. It is a tough environment out there! Economists are now forecasting a slow economy for several years (we have forecasted a “boring” economy for years to come since late 2007). This was reiterated by the Federal Reserve Chairman Ben Bernanke along with a recovery of the labor market well into the future.

See our full article “Small Business Must Adapt Their Business Plan” soon to be released at: [http://ezinearticles.com/?expert=Mark\\_Wyssbrod](http://ezinearticles.com/?expert=Mark_Wyssbrod)

#### Minimum Wage Increase

Effective July 24, 2009 minimum wages increased to \$7.25 per hour. You can also visit the US Department of Labor to learn more at <http://www.dol.gov/esa/whd/flsa/>

Please contact your payroll service or Pro@ctive CPA should you have any questions.

#### Health Care Reform

It is upon us! Another great health care debate and potential reform. The one assurance we can give taxpayers is no matter what happens, any family earning over \$250,000 will see increased income taxes. We have discussed with our high income clients (earning greater than \$200,000) in the past that income tax rates will increase for 3-5%+ and to expect social security limits to increase dramatically or for the wages limits to be removed (a 6.2% tax on the employee and a 6.2% tax on the employer). This could easily increase the overall tax rate by 10%. We recommend immediate action to budgets and savings in order to prepare for these events.



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#### Cash For Clunkers – If Monies Still Remain!

Be careful before you purchase your new vehicle to ensure you qualify for the credit and Congress is still funding the credit. Monies have reportedly run out as early as July 30, 2009. Several tax credits have become available for retiring your old gas guzzler and purchasing new and more fuel efficient vehicle. The tax credits range from \$3,500 or \$4,500. There are a lot of restrictions and rules (of course). Please contact us before making your purchase decision. Below please find a summary of the provision:

- § The **\$3,500 or \$4,500** voucher **amount is not included in income**.
- § The new vehicle must be **purchased or leased** between **July 1, 2009 and November 1, of 2009**.
- § The dealer **must scrap the vehicle traded in** except for certain salvaged parts.
- § To qualify, the new vehicle must have a combined fuel economy (CFE) of at least 22 mpg for a passenger auto, 18 mpg for a category 1 truck, and 15 mpg for a category 2 truck.
- § For passenger autos, the new vehicle=s CFE must exceed the trade-in vehicle=s CFE by at least **1) 4 mpg** for the \$3,500 voucher, **or 2) 10 mpg** for the \$4,500 voucher.
- § For trucks, the new truck must be more fuel efficient than the trade-in. However, these rules are very complicated. IRS is to release a list of qualifying vehicles no later than July 24<sup>th</sup>. Please consult that list for qualifying trucks.
- § The **taxpayer must be the first person to whom title to the vehicle** received in the trade **has been transferred** (therefore, demonstrator vehicles should qualify).
- § The new vehicle must have a suggested retail price of **\$45,000 or less**.
- § The vehicle traded in must **1) be in drivable condition; 2) have been continuously insured and registered to the same owner for at least one year** prior to the trade; **3) have been manufactured less than 25 years before the date of the trade; and 4) have a CFE of 18 mpg or less**.
- § The vouchers are limited to **one per individual**.
- § Only **one voucher** is available **for joint owners** of a single eligible trade-in vehicle.
- § Only one voucher may be applied toward the purchase or lease of a single new qualifying vehicle.
- § IRS is to publish a list of vehicles qualifying for the vouchers by July 24, 2009.

#### Year End Tax Planning

We hope you enjoy the rest of your summer! Please do not forget to contact us during the next season – not fall! Rather Tax Planning Season. The season lasts until December 31<sup>st</sup>!

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