

IRS NEWS & INQUIRER

What's the Answer?

Q. Is there any advantage to an LLC over an S-Corp? Currently I have my firm set up as an S-Corp, do you think I took the right route?

A. Wow! That's a pretty broad question! Having said that, I generally recommend an S-Corp for earning income, and an LLC for owning assets. There are exceptions, of course, but the S-Corp lets you divide your income into salary and dividend distribution. In your case, I think the S-Corp is probably the most appropriate entity.

Tax Coaching Service

Are you taking advantage of every tax break you deserve? We believe proactive tax planning is the key to keeping more of what you make. Proactive tax planning means scouring your income and expenses for every available deduction, credit, loophole, and opportunity without "gray areas" or "red flags".

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404-762-1030

Bill Davis Tax & Accounting

What's Happening?

Businesses Can Now Write-Off \$250,000.

The stimulus package President Bush signed February 20, allows your business to deduct up to \$250,000 for purchases of certain equipment, machinery and other items made and put into use this year. This immediate write off will enable you to expand your business, hire new employees and give yourself a much needed raise.

Another provision in the package is a 50% bonus depreciation deduction. The value of this deduction was explained this way. "Bonus depreciation is an incentive for businesses to invest in their business now, providing an immediate deduction for half the cost of the investment. This is a special limited-time tax break, so before you buy new equipment, **be sure to call me at 404-768-1030.**"

Will I Get A Rebate Check?

Yes, you will receive a "rebate" check if you have at least \$3,000 in income which includes wages, railroad retirement benefits, certain veterans' disability and survivor benefits, social security benefits but not SSI or investment income. You won't get a check if you can be claimed as a dependent on someone else's tax return.

The amount of the rebate is \$300 to \$600 for an individual and \$600 to \$1,200 for a couple filing jointly. Parents will get \$300 for each qualifying child under age 17. Rebates are reduced once adjusted gross income tops \$75,000 for an individual and \$150,000 for a couple.

When will I get my money? Rebates likely will be disbursed based upon Social Security numbers or geographic area. The earliest rebates will be received in the first week of May by those who used direct deposit when filing their 2007 returns. Even if you're not due a refund for 2007, you can make sure the rebate is directly deposited into your account by filling out the bank routing information on your return. Those who don't use direct deposit will start receiving paper checks the second week of May.

Must I do anything? Yes. You must file a 2007 tax return even if you don't need to file. The IRS will use this to determine eligibility and calculate the size of the rebate. If you do discover too late that you should have filed a return to get a rebate, you can file next year and get your money. Call **404-762-1030** or **770-994-4091** or email us for help. bill@billdavistax.com 03/08