



The Update

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Spring 2007

Sannerud, Savarese & Associates, P.A. – “Certified Public Accountants”
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FROM SUE'S DESK

I'd like to take this chance to thank each of you for the opportunity to serve you. This past tax season a client commented that I have known his

financial situation as well as many other aspects of their life quite intimately over many years. This professional relationship builds a great deal of trust and empathy as we get to know one another over time.

As the busiest part of our year comes to an end, we are reminded each tax season why we are here; it's about you and sitting down with you and talking. We may only see some of you once a year, but we wouldn't be here if any one of us did not enjoy people and getting to know you. You make our jobs fun and rewarding. So thank you and we look forward to continuing to serve you.

Q: What was the #1 reason returns were rejected for e-filing? (see page 4 for answer)

IRS Warns of Phony E-Mails

The IRS is alerting taxpayers about Internet scams in which fraudulent e-mails are sent that appear to be from the IRS. The e-mail directs consumers to a Web link that requests personal and financial information, such as social security, bank account or credit card numbers.

REMEMBER, the IRS NEVER SENDS UNSOLICITED E-MAILS OR ASKS FOR DETAILED PERSONAL AND FINANCIAL INFORMATION. Additionally, the IRS NEVER asks people for pin numbers, passwords or similar secret access information for their credit card, bank or other financial accounts.

These guidelines also apply for any unsolicited phone calls you may receive claiming to be from the IRS. USE CAUTION and don't give any account numbers, passwords or personal information over the phone.

Thinking Green!

As Spring starts blooming, it's easy to have green on your mind. However, we wanted you to know that Sannerud, Savarese & Associates P.A. has been thinking green in many different ways. No, it's not green as in "greenbacks"; we're talking about green as in "green living".

For instance, did you know our front entrance reception area countertops were made of sunflower seeds? Take a close look and you'll see the seeds and hulls that make up this beautiful countertop. Also, the tables in the waiting area as well as in the large conference room are made of recycled soybeans and newspaper ink made to look like red and black granite.

For as much paper as our office goes through we must recycle. However, any information which cannot be recycled "as is" must be shredded. This shredded material is bagged and taken to the Anoka County Humane Society to be used as bedding for the animals. We are pleased to announce the Sannerud, Savarese & Associates has won a 2007 award from the Anoka County Solid Waste Advisory Task Force for our efforts and on-going commitment to recycling in Anoka County.

Our green mentality goes beyond what happens inside the office too. You may think we don't have time to mow, but look again at the back yard of the office. We are working with Prairie Restorations to return almost 1.5 acres into Native Minnesota Prairie. Over 1000 native species plants were planted last summer and covered with oats and rye grass. This summer we will see the beginnings of a beautiful natural landscape attracting birds and other wildlife.

So as the white of winter becomes only a memory, think green! Don't just throw away, but recycle or give away materials for other people to use. Plant a butterfly garden or a rainwater garden or learn to compost. Good luck and go green!

“ICE” Your Cell Phone

“ICE” stands for In Case of Emergency. The Minnesota Department of Health is encouraging individuals to use this code word in cell phones so responders can get emergency information quickly and accurately. If you are unable to tell paramedics who you are, your cell phone can help emergency responders and healthcare workers to identify you and notify your loved one. Just program your cell phone’s telephone book with the codeword “ICE”:

1. Open your cell phone telephone book to create a new entry. Instead of entering the name of a person, enter the word “ICE”.
2. Enter the phone number of the person you would want contacted in an emergency. To list multiple contacts, name the entries ICE1, ICE2 and so on.

Emergency workers look for the codeword ICE when they turn to your phone. Help them save your life. Program your phone today.

Property Tax Refunds

Don’t forget to bring in your 2006/2007 property tax statement to see if you qualify for a refund. Minnesota has two property tax refund programs for homeowners: the regular property tax refund and the special property tax refund. You may be eligible for one or both, depending on your income and the size of your property tax bill.

The regular property tax refund is for people who own and reside in their home on January 2, 2007 (January 2, 2006 for the 2005 filing). If the home is not “homesteaded,” your application for homestead must be made before December 15, 2007.

The size of your refund will depend on your household income, the number of your dependents and how much property tax you paid. The maximum anyone can receive is \$1,700 (\$1,640 for 2005).

The special property tax refund is for people who own and reside in their home on both January 2, 2006 and January 2, 2007. There is no limit on household income in this program. Your property taxes payable in 2007 must have increased by more than 12 percent and be at least \$100 over your 2006 taxes. The increase must not be attributable to new improvements.

If you had your 2006 taxes prepared here at our office, the property tax refund processing is a free service we provide our clients.

Nontaxable IRA Distributions to Charities

The Pension Protection Act of 2006 allows individuals to make a nontaxable distribution up to \$100,000 from their IRA directly to an eligible charitable organization (501(c)(3)). This provision is only available through December 31, 2007.

Requirements include:

- Individuals must be over age 70½ as of the date of the contribution
- Distributions must come from traditional or Roth IRAs
- The contribution must be made by a direct rollover to the charity
- A maximum of \$100,000 of IRA distributions per year per individual may be made. Therefore, if you file a joint return your spouse may also make a qualified charitable distribution of up to \$100,000
- You must have sufficient substantiation for the charitable contribution (i.e. written acknowledgement from the charitable organization, etc.)
- You cannot claim a charitable contribution deduction for a qualified charitable distribution

The distributions satisfy the taxpayer’s required minimum distribution requirement. Those receiving Social Security benefits may see an impact in the amount of their Social Security benefits subject to income tax if their income does not include taxable IRA distributions. The direct rollover of a qualified charitable distribution also removes funds from an estate without individuals having to pay estate taxes on those funds.

If you have questions regarding Qualified Charitable Distributions or are interested in further details, please feel free to contact us to find out how an IRA distribution to a charitable organization may benefit you.

Don't Waste Money . . .

. . . on government forms & posters. Various government agencies are warning employers about misleading ads suggesting that you must buy certain government forms and posters from private companies. In truth, most documents that you need to use and post in your workplace can be found free on government web sites. For example, the Labor Department's poster page, www.dol.gov/osbp/sbrefa/poster, lets you download most labor-related posters. Tip: Web sites ending in ".gov" are the only official government sites. Some private ".com" sites sell government documents using official-looking sites.

Don't forget, Minnesota law requires employers to display some state-mandated posters in a physical location where employees can easily see them. The posters provide safety, wage and age-discrimination information and are listed below with a brief explanation. There is no cost for the posters and they can be printed from the sites below or ordered as a packet from the Minnesota Department of Labor and Industry (DLI).

You can obtain the mandatory workplace posters three ways. When ordering, please include a contact's name, mailing address and phone number.

1	Call (651 284-5042 to place an order by phone; outside the Twin Cities metro area, call 1-800-DIAL-DLI (1-800-342-5354).
2	E-mail a request to DLI.Post@state.mn.us that includes all the contact information (above) and the number of poster packets needed.
3	Send a request by mail to: IPC Poster Requests, Minnesota Department of Labor and Industry, 443 Lafayette Road N., St. Paul, MN 55155-4307.

Listed below are Minnesota's mandated posters:

Safety and Health Protection on the Job

Safety and health regulation information (updated Sept.2003)

Minnesota Workers' Compensation

Employee Rights and Responsibilities

Explains what employees should do if they are injured at work

(updated August 2003*)

Minnesota Employees, You Are Entitled To ...

Details state and federal wage and overtime laws (updated Aug. 1, 2005)

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Know Your Rights Under Minnesota and Federal Laws Prohibiting Age Discrimination

Explains retirement and age discrimination (updated Jan. 2004)

Unemployed?

Informs employees how and where to apply for unemployment insurance benefits should they happen to be separated from employment. (updated December 2003)
In addition, some U.S. government agencies have mandatory poster requirements, including:

- *Equal Employment Opportunity is the Law*
- *Family Medical Leave Act*
- *Polygraph Protection Act*
- *Your Rights Under the Fair Labor Standards Act*
- *Details of Federal Minimum Wage, Overtime Pay and Child Labor Laws*
- *Notice to Employees Working on Federal or Federally Financed Construction Projects*
- *Notice to Employees Working on Government Contracts (Service Contracts or Public Contracts)*

Business Advice from the IRS

Believe it or not, the IRS has some helpful hints on their website regarding small businesses and planning throughout the year. If you go to www.irs.gov/businesses/small/article/0,,id=104682,00.html you'll find a listing of monthly ideas and suggestions from the IRS to help you do business better.

2007 Small Business Tax Calendar

- **May 2007 - Connect the Dots: Organize Business and Travel Expenses**
 - **June 2007 - Collaborate on Your Design: Account for Debts and Expenses**
 - **July 2007 - Tap Into Your Creativity: Plan for Business Success**
 - **August 2007 - Take Stock of Your Work: Calculate Deductions**
 - **September 2007 - Sharpen Your Tools: Protect Your Information**
 - **October 2007 - Protect Your Work of Art: Understand Your Rights**
 - **November 2007 - Blueprint for Success: Develop Your Support Systems**
 - **December 2007 - Plan for Your Future: Identify Your Needs**
- 2007 Small Business Tax Calendar Supplemental Text**
- **Conceptualize Your Design: Understanding Your IRS Options**
 - **Innovation Is Key: Business Tips for Success**
 - **Publications: Forms and Publications**
 - **Your Masterpiece Is Complete!: IRS Is Working Harder for you.**

EXTENSIONS

Reminder:

Corporations who are on extension for 2006 have until September 15, 2007 to file their return. Individuals who are on extension for 2006 have until October 15, 2007 to file their return.

Please don't wait until the last minute. The months of June, July and August are the perfect time to get caught up on your taxes!

A: Dependents (especially college age students) claiming themselves and/or filing their own tax return without their parents knowing. If you claimed your child on your return and they had already filed a tax return, the IRS picks up on the social security numbers listed in the return and rejects the e-filing. PLEASE – talk to your kids about filing taxes and the best alternatives for all of you.

*** Education ***

The staff has or will be attending the following classes:
Sue & Rae Ann: MAPA Gear Up Accounting Seminar,
June 6 & 7

*** Upcoming Community Education Classes ***

Taught by Sue Savarese, CPA

Class: **Small Business Recordkeeping**

Date: October 11, 2007

Place: Staff Development Center

For information about the class or to register,
call 763-506-5766

*** Staff ***

- A.M. Sannerud, Founder Certified Public Accountant (Inactive)
- Susan E. Savarese, Managing Partner Certified Public Accountant
- Rae-Ann Rothmeier Certified Public Accountant
- Pauline Mittelstaedt Firm Administrator
- Robin J. Schnaidt Senior Accountant
- Paulette Hynes Enrolled Agent
- Ruth Hunter Staff Accountant
- Jody Newlander Accounting Clerk
- Nancy Sannerud Receptionist, "Update" Co-Editor
- Betty Sannerud Custodial Services, "Update" Co-Editor
- Mary Lou Michels Custodial Services

The Update is published for our clients and friends. It is designed to provide accurate information with respect to the subject covered. Before any action is taken based upon this information, it is essential that competent, individual, professional advice be obtained.

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