



November, 2009

# Murray Money Moments . . . and More

David C. Murray & Company, Inc.  
104 Market Street, P.O. Box 625  
Troy, OH 45373

(937) 335-3652

## Special Interest Articles:

- Home Office Deduction.
- Technology Expenses Make the Grade for Qualified Tuition Programs.
- Ten Tips for Taxpayers Making Charitable Donations.

## Individual Highlights:

Home Office Deduction	1
Note from Dave	1
Holiday Hours	2
Soup Recipe	2
Staff News	2
Technology Expenses . . . Tuition	3
Direct Deposit Vs. E-File	3
Ten Tips for Tax-Payers Making Donations	4
Six Facts . . . Tax Credit	5
Payroll Outsourcing	5
Holiday Greeting	6

## Home Office Deduction

With technology making it easier than ever for people to operate a business out of their house, many taxpayers may be able to take a home office deduction when filing their 2009 federal tax return next year.

*Here are four important things you should know about claiming the home office deduction.*

1. Generally, in order to claim a business deduction for your home, you must use part of our home exclusively and regularly:

- As your principal place of business, or
- As a place to meet or deal with patients, clients or customers in the normal course of your business, or
- In the case of a separate structure which is not attached to your home, it must be

used in connection with your trade or business

For certain storage use, rental use or daycare-facility use, you are required to use the property regularly but not exclusively.

2. Generally, the amount you can deduct depends on the percentage of your home that use used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.

3. There are special rules for qualified daycare providers and for persons storing business inventory or product samples.

4. Different rules apply to claiming the home office deduction if you are an employee. For example, the regular and exclusive business use

must be for the convenience of your employer.

### NOTE FROM DAVE:

**GO ON A "TAX DIET" NOW!!** This is your LAST CHANCE for tax reduction for 2009! So many of our clients, especially newer ones, show up in February or March with their tax information and ask us what can be done to minimize last year's tax. A "Tax Diet" is like any other diet. What can you do NOW to lose weight last year? The answer is "not much." CALL US NOW for a Proactive Tax Strategy custom-tailored for you. Reduce income taxes dramatically, this year, next year, and into the future! **Call us at 937-335-3652.**

And while you're at it, please consider referring a friend or family member to our firm. *Don't they deserve it?*



### Holiday Hours

As year-end approaches, it is time to plan for holiday schedules, year-end bonuses and payroll adjustments that need to be included on 2009 paychecks, as well as changes necessary for 2010; which includes pay dates during the holidays.

Our office will be closed on the following dates:

**November 26th** and **27** for Thanksgiving; **December 24th** and **25th** for Christmas; and **January 1<sup>st</sup>** for New Years.

#### SPECIAL NOTE TO OUR PAYROLL SERVICE CLIENTS:

We will need to adjust check dates

accordingly. In order to allow enough time to prepare your payroll during the weeks in which holidays fall, we will need to receive your timesheets by 10:00 AM on Monday. If you have any questions, please feel free to call us any time.

### Broccoli-Cheese Soup



- 2 tsp. butter
- 3/4 cup diced onions
- 6 cups chicken broth
- 2 10 oz pkgs frozen broccoli
- 1 10 oz pkg noodles (med or fine)
- 6 cups milk
- 1 lb Velveeta cheese

- Salt
- Pepper
- garlic

In a large pan, melt butter and sauté onions. Add 3 cans of chicken broth and bring to a boil. Add frozen broccoli and

bring to a boil. Add noodles and bring to a boil. Add garlic, milk and cheese. Simmer until cheese is melted. Salt and pepper to taste.

### STAFF NEWS

**GOOD LUCK CHAD!**  
After five years with our firm, Chad Dye decided to make a job change in September. We are excited for Chad and wish him the best of luck in his new job with a defense-related engineering company in Beavercreek, Ohio.

**WELCOME SUSAN!**  
Susan Davis joined us in October. She's a 1993 top graduate of Piqua High School, and earned Summa Cum Laude honors in accounting at Bowling Green State University in 1997. She's very involved in the Miami County community. She currently serves on the board of

the Miami County Foundation and as Treasurer for the Tecumseh Woods Swim Club. Also, Susan is an active volunteer at Piqua Catholic School and St. Boniface Catholic Church. She resides with her husband Shane and family in Piqua.

A fine is a tax for doing wrong

A tax is a fine for doing well.



## Technology Expenses Make the Grade for Qualified Tuition Programs

Taxpayers who purchase computer technology for higher education purposes may be eligible for a special tax break. *The American Recovery and Reinvestment Act of 2009* added computer equipment and technology to the list of college expenses that can be paid for by a qualified tuition program, commonly referred to as a 529 plan.

A qualified, tax-free distribution from a 529 plan during 2009 or 2010 now includes the purchase of computer technology, equipment or Internet access and related services. To

qualify the beneficiary must use the technology, equipment or services while enrolled at an eligible educational institution.

Here are some things the you should know about 529 plans.

- A 529 plan is an educational savings plan designed to provide tax-free earnings for the benefit of a student. Withdrawals must be used for qualified higher education
- expenses at an eligible educational institution.
- Qualified expenses include tuition,

reasonable costs of room and board, mandatory fees, computer technology, supplies and books.

- An eligible educational institution includes any college, university, vocational school or other post-secondary educational institution eligible to participate in a student aid program administered by the Department of Education.
- Contributions to a 529 plan cannot be more than the amount necessary to provide for a student's qualified education expenses.



### A Christmas Reindeer Story

According to the Alaska Department of Fish and Game, while both male and female reindeer grow antlers in the summer each year, male reindeer drop their antlers at the beginning of winter, usually late November to mid-December.

Female reindeer retain their antlers until after they give birth in the spring. Therefore, according to EVERY historical rendition depicting Santa's reindeer, EVERY single one of them, from Rudolph to Blitzen, had to be a girl.

*We should have known... ONLY women would be able to drag a fat man in a red velvet suit all around the world in one night and not get lost.*



### Direct Deposit vs. E-file

There seems to be some confusion regarding the various options for filing your 1040 return and receiving your refund.

**E-filing** is the process by which your tax return is electronically filed with the IRS. This requires signing an 8879 form which becomes your official signature and is kept on file in our office. If a payment is due, you will be required to mail

a check or credit card information with a payment coupon to the IRS.

**Direct Deposit** is a method of receiving your refund directly into a checking or savings account. For this to happen current account information must be entered on your tax form. Those who use this method usually receive their refund quicker than those who receive

refund checks by mail.

You do not need to E-file to use Direct Deposit. You do not have to Direct Deposit to E-file. They are independent of each other. **Please note: The State of Ohio is mandating all Ohio returns be E-filed in 2010 or they will assess a penalty.** The IRS is considering a similar mandate for federal returns. If you still have questions, please feel free to contact our office, or discuss with your tax preparer when you drop off your information

## Ten Tips for Taxpayers Making Charitable Donations

---

*“ . . . a written record from the charity containing the date and amount of the contribution . . . . ”*




---

*An appraisal generally must be obtained if you claim a deduction for a contribution of noncash property worth more than \$5,000.*

Every year, millions of taxpayers itemize their deductions on their federal tax return. One of the most common itemized deductions is a donation made to a charitable organization.

Here are the top ten things you should know before deducting charitable donations.

1. Charitable contributions must be made to qualified organizations to be deductible.
2. Charitable contributions are deductible only if you itemize deductions using Form 1040, Schedule A.
3. You generally can deduct your cash contributions and the fair market value of most property you donate to a qualified organization. Special rules apply to several types of donated property, including clothing or household items, cars and boats.
4. If your contribution entitles you to receive merchandise, goods or services in return – such as admission to a charity banquet or sporting event – you can deduct only the amount that exceeds the fair market value of the benefit received.
5. Be sure to keep good

records of any contribution you make, regardless of the amount. For any contribution made in cash, you must maintain a record of the contribution such as a bank record, cancelled check or credit card statement.

6. Only contributions actually made during the tax year are deductible. For example, if you pledged \$500 in September but paid the charity only \$200 by Dec. 31, your deduction would be \$200.

7. Include credit card charges and payments by check **in the year they are given to the charity**, even though you may not pay the credit card bill or have your bank account debited until the next year.

8. For any contribution of \$250 or more, you must have written acknowledgement from the organization to substantiate your donation. This written proof must include the amount of cash and a description of any property you contributed, and whether the organization provided any goods or services in exchange for the gift.

9. To deduct charitable contributions of items valued at \$500 or more you must complete a

Form 8283, *Noncash Charitable Contributions*, and attach the form to your return.

10. An appraisal generally must be obtained if you claim a deduction for a contribution of noncash property worth more than \$5,000. In that case, additional forms and paperwork is required.

### CHRISTMAS FACTS

»Rudolph" was actually created by Montgomery Ward in the late 1930's for a holiday promotion. The rest is history.

»Jingle Bells" was first written for Thanksgiving and then became one of the most popular Christmas songs.

»It's a Wonderful Life" appears on TV more often than any other holiday movie.

»Kissing under the mistletoe dates back to a 17th century English custom. At that time, a berry was removed every time a kiss was made, which meant there were no kisses when there were no berries. We seem to have since forgotten about the berry removal - allowing us to fully concentrate on the kissing!



## Six Facts About the American Opportunity Tax Credit

Many parents and college students will be able to offset the cost of college over the next two years under the new *American Opportunity Tax Credit*. This tax credit is part of the *American Recovery and Reinvestment Act of 2009*.

*Here are six important facts you should know about the new American Opportunity Tax Credit:*

1. This credit, which

expands and re-names the existing Hope Credit, can be claimed for qualified tuition and related expenses that you pay for higher education in 2009 and 2010.

2. The credit is equal to 100 percent of the first \$2,000 spent and 25 percent of the next \$2,000 per student each year. Therefore, the full \$2,500 credit may be available to a taxpayer who pays \$4,000 or more in qu-

alifying expenses for an eligible student.

3. The full credit is generally available to eligible taxpayers who make less than \$80,000 or \$160,000 for married couples filing a joint return. The credit is gradually reduced, however, for taxpayers with incomes above these levels.

4. Forty percent of the credit is refundable, so even those who owe no tax can get up to \$1,000 of the credit

to \$1,000 of the credit for each eligible student as cash back.

5. The credit can be claimed for qualified expenses paid for any of the first four years of post-secondary education.

6. You cannot claim the tuition and fees tax deduction in the same year that you claim the American Opportunity Tax Credit or the Lifetime Learning Credit. You must choose to either take the credit or the deduction, which ever is more beneficial for you.

## Payroll Outsourcing

One of many services offered by David C. Murray and Co. is Payroll Outsourcing. Payroll outsourcing increases the quality of your product and the profitability of your business. You free up staff time spent on this non-income-producing task to concentrate on critical issues and projects. Our service includes:

- Calculating and producing pre-signed and enveloped checks
- Easy-to-read summaries, and detailed payroll re-

ports with departmental breakdowns

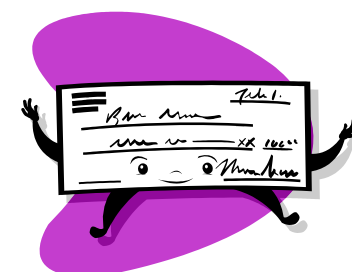
- Calculating and depositing all state, local and federal tax liabilities
- Preparation and filing of all state, local and federal monthly, quarterly and year-end returns and reports.
- Preparation and mailing of W-2's and 1099 earning statements at year end
- A direct deposit service

- 401(k) and census reporting
- Time-off tracking
- General ledger posting reports

In addition we provide workers' compensation calculations in connection with payroll processing, which includes Group Ratings Comparison. There are many group plans which can save you 40-85% on premiums and we investigate all available groups, calculate the savings and recommend the best one for your company

Our Payroll Outsourcing offers freedom of choice for the business owner. Time is no longer spent administering the non-productive function of payroll. That time can be reallocated to more profitable activities.

Call today for a free quote!!



**David C. Murray &  
Company, Inc.**

104 N. Market Street  
P.O. Box 625  
Troy, OH 45373

PHONE:  
(937) 335-3652

FAX:  
(937) 335-7526

421 Public Square  
P.O. Box 476  
Greenville, OH 45331

PHONE:  
(937) 547-0361

FAX:  
(937) 547-0486

E-MAIL:  
Dave-M@Murray-CPA.com

---

We're on the Web!

See us at:

**[www.Murray-CPA.com](http://www.Murray-CPA.com)**



*Merry Christmas and Happy New Year*

*from our House to Yours*

**DAVID C. MURRAY & CO., INC.**

104 N. Market Street  
P.O. Box 625  
Troy, OH 45373