



A Look Inside This Month's Issue

- > Schedule Your Tax Planning Meeting Today.....1
- > Important Tax Opportunities.....1
- > Estate Planning2 & 3
- > Release and Withdrawal of Tax Liens..3
- > The Firm's Newest Legal Professional..4
- > Featured Staff Member.....4

Absolutes

www.absoluteplanning.com

Planning for Death and Taxes

Our Mission Statement

To Provide Tax and Business Consulting Services that Drive Innovative Wealth Building Solutions

Schedule Your Tax Planning Meeting Today

We like to send out reminders annually to schedule a tax planning meeting with your tax professional at the firm.

Read the details below regarding why this meeting is so important and what you can expect to gain from it.

Each year we like to *plan ahead* with clients and their businesses. The end of the year is an opportune time to review the past year's financials and discuss specific goals both you and your business would like to accomplish for the upcoming year.

Your Tax Planning Meeting

We recommend scheduling a tax planning meeting with our tax professionals to discuss accurately closing this year's financials and potentially review the upcoming year. This meeting should take place before the end of the year to ensure any and all tax opportunities can be used.

Items Discussed

During this meeting we take time to discuss some important items with you:

- Acquisition of vehicles, equipment or real properties;

- Changes to business structures, partners or family members;
- Benefit planning such as medical, education, or dependent care reimbursements;
- Income allocation among limited partners; and
- Planning for retirement plans or social security/disability benefits.

Schedule Today

We encourage you to schedule your meeting as soon as possible to take advantage of potential tax opportunities before the year's end.

Many tax provisions are set to expire before the beginning of 2012 (see page 2 for details) and planning for those changes now with a professional has the potential to help your business at a later date.

Please call our office at 713-341-2740 to schedule a tax planning meeting with your tax professional for this year.

When scheduling the meeting, we will discuss any information and paperwork that you may need to bring with you, such as current financial statements and more.

Houston

790 W Sam Houston Pkwy N, Ste 202
Houston, TX 77024
Phone: (713) 341-2740
Fax: (713) 341-2750

Austin

12117 Bee Caves Rd, Ste 140
Austin, Texas 78738
Phone: (512) 263-8802
Fax: (512) 263-8804

North Houston

616 FM 1960 West, Ste 475
Houston, Texas 77090
Phone: (713) 341-2740
Fax: (832) 249-7418

Important Tax Opportunities—Bonus Depreciation

An important provision for businesses purchasing assets is set to expire soon. Read what CPA and Associate Attorney, Gene McCain, says about its impact on businesses.

Under a tax law passed in December, a business can take 100% bonus depreciation on certain assets it purchases. The usual rule for purchases of assets is that they cannot be deducted for tax purposes in full in the year of purchase, but the cost must instead be spread out over a period of years, depending on the asset type.

However, thanks to a change in the tax law, you can take a full tax deduction for new assets placed in service between September 9, 2010 and December 31, 2011. The procedure is called 100% bonus depreciation. It allows an expensing of the entire purchase price in the year acquired. This depreciation is not available for buildings or real estate, but is available for certain leasehold improvements.

Bonus depreciation can be better than the other method for fast depreciation, called Section 179 expensing, as 100% bonus depreciation can be taken even if the business had a net loss for the year. Also, unlike Section 179 expensing, 100% bonus depreciation is not subject to the dollar limitations that exist with Section 179.

If you use bonus depreciation and are in a 25% tax bracket and you purchased an asset for \$25,000, the U.S. government will reduce your taxes by 25% of the purchase price, or \$6,250. This is like finding the asset on sale for \$6,250 off regular price. If you are in a 35% tax bracket, the savings would be \$8,700. If your business is subject to self-employment tax there would be an additional 13.3% savings, or \$3,325. In 2012, bonus depreciation goes from 100% to 50%, but this may still provide planning opportunities in some cases.

Contribution Limits For Benefit Plans

The Internal Revenue Service recently announced new contribution limits.

Contribution limits will rise in 2012 for individuals paying in to 401(k), 403(b) and 457 plans. Limits will rise to \$17,000 for individuals born after 1963; that's an increase from \$16,500 allowed in 2011. Those born before 1963 are eligible to contribute up to \$22,500 annually.

Limits on contributions for IRAs and Roth IRAs remain unaffected by these new rules.

Estate Planning

When the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 was signed into law late last year, changes to estate taxes went into effect. Surviving spouses could elect to use the "decendent's unused exclusion amount" for individuals dying after December 31, 2010.

The exclusion amounts were adjusted to \$5 million for 2011 with a portability option. Surviving spouses are able to take advantage of any unused portion of this exclusion amount in addition to their own. However, a properly filed United States Estate Tax Return, known as Form 706, is required.

continued on page 3 . . .

Estate Planning

continued from page 2 . . .

Form 706 lists the amount of unused exclusion from the deceased spouse and makes a portability election (this election is irrevocable).

By law, this form must be filed within nine months of the date of the decedent's death. The first forms were due at the beginning of October. A six month extension for filing this form can be requested as well. For more information, visit the IRS website regarding "Guidance on Electing Portability of Deceased Spousal Unused Exclusion Amount." We will continue to update you on new and existing estate taxes as they continue to come into focus.

Release and Withdrawal of Tax Liens

Written by Associate Attorney, Gene McCain

When an individual or a business owes taxes to the IRS, the IRS has the right to file a lien against that person's property. This comes in the form of a filing by the IRS in the county deed records or in State-wide records. The result is that the taxpayer cannot sell certain property (most commonly real estate) until the underlying taxes are paid, including the penalties and interest that continue to build.

What Is A Lien?

A lien is different from a levy. A levy involves an immediate taking of property such as seizing the funds in a bank account or garnishing wages. The IRS can do that also, but that is beyond the scope of this article.

Impact On Credit Reports

Since the lien is a public record, it is easily picked up in credit reports. This can significantly affect one's FICO score. Once the taxes are paid, the IRS will send the taxpayer a Release of Lien, which the taxpayer then usually has to file himself or herself in the same public records where the IRS had filed the original lien. The credit reports will then reflect both the original lien filing and the release of lien. However, this still leaves a negative entry on the credit reports.

Removal of Liens

The lien can actually be removed from the credit reports, but you have to request it. This is done by submitting a Form 12277 to the IRS. If you give the IRS the addresses of the credit reporting agencies, the IRS will actually inform the credit agencies to remove the entry completely from the credit reports.

In some cases, you do not even have to pay the tax in full. For individuals whose only type of tax due is income taxes, if the person gets on an installment agreement with the IRS, gets the balance below \$25,000, and allows the IRS to take a direct debit each month from the person's checking account, the IRS will accept a request for withdrawal of the lien after the person has made only three direct debit payments. There can still be a balance due, but the IRS will withdraw the lien anyway, based on the person's promise to continue with the installment agreement and stay current with other taxes. This could be useful in the right situation.

Adam Potter, associate attorney and CPA at the firm, recently joined our team.

Read about Adam's background and work emphasis below for more information.

LRC is proud to introduce its newest member to the legal team. Please join us in welcoming Adam to the firm.

Education & background:

Adam grew up in Conroe and obtained his undergraduate degree in forensic accounting from Sam Houston State University. He went on to obtain his law degree from South Texas College of Law, where he was a member of Law Review, graduating near the top of his class.

He also obtained his CPA license in 1995.

Current Work:

Adam has over 15 years of combined litigation and transactional experience. His areas of expertise include general civil and business litigation, commercial transactions, employment matters, business entity selection, formation and continuation, and estate planning.

Contact Information:

If you would like to speak with Adam, please call our office at (713) 341-2740.



Adam Potter

Featured Staff Member



Stephanie
Holbrook

Stephanie Holbrook, a tax preparer and CPA for the firm, received her B.B.A. in Accounting (summa cum laude) from Morehead State University. Prior to joining LRC, Stephanie worked for several oil and healthcare companies as an internal auditor, director of finance, and CFO.

Stephanie goes above and beyond in her work and is a true team player at the firm. We value her hard work, commitment to exceeding client expectations and overall work ethic.

Please join us in congratulating Stephanie as an exemplary member of our firm.

How can our team of professionals help you or your business? We specialize in the following services:

Asset Protection
Wealth Preservation
Buy-Sell Agreements
Business Sales
Business Structuring
Business Acquisition
Personal Tax Preparation

Probate
Wills & Powers of Attorney
Business Succession Planning
Family Limited Partnerships
Corporate Compliance
Tax Controversy
Corporate Tax Preparation

Tax & Estate Planning
Business Control
Business Organizations
Trusts
Asset/Debt Restructuring
Estate & Gift Tax Preparation
Partnership Tax Preparation