

Advantage

4th Quarter, 2007

WHAT'S NEW FOR QUICKBOOKS 2008

Well, it's almost a new year and that means that Intuit has come out with a new version of QuickBooks for 2008 with more exciting new features. The following are just a few of the new features:

- Send emails directly from QuickBooks using Microsoft Outlook or Outlook Express; simply by setting-up templates for the cover letters for the different forms that you want to send via email. Next, just prepare the form as you normally would and click on the send icon and QuickBooks automatically opens up Outlook, and from then it is just like your regular email. You can even attach other items to the email and then send it. The email will be tracked in Outlook like any other email.
- You can share your accounting records with your favorite accountants (us at Marien + Company) and easily import the changes back. With this new method, you choose a dividing date that will allow us to make changes before the date and you can make changes after the date, so that you can continue to work with the file. Since you are sending right from the QuickBooks company file, there are no issues on where to store the file prior to emailing. Just add a pass-

word and let us know what it is so we can open the file and start using it. When we are finished with the file, we send you a file back that integrates our changes with your data, so that you do not lose any of your data that you have been working on since the time we had your file.

- View unbilled time and expenses for all clients on a single screen and transfer this information to an invoice with one click. This will be a significant time saver for companies that bill time and expenses. This requires QuickBooks 2008 Premier or higher.

Intuit takes many of the ideas for new features from its customers' suggestions and complaints. So, if you have something that you wish to see added, let Intuit know, maybe yours will be the next improvement they decide to implement.

If you have any questions about any of the QuickBooks products, please contact Peggy Dougherty.

CONNECTICUT EMPLOYERS REQUIRED TO OFFER SECTION 125 PLAN

Under a Section 125 Plan an employee is offered the option of funding a tax-free benefit or receiving cash. The employer withholds from the employee the amount to fund the tax-free benefit and pays the

cost on behalf of the employee. The amount withheld from the employee's wages is excluded from their taxable income.

As a result of Public Act 07-185, Connecticut Employers who require their employees to pay a portion of their medical insurance must offer the employees the opportunity to have their contribution excluded from their income. To put this into effect the employer would have to establish a Section 125 Plan.

Medical insurance premium only plan is not difficult to establish. The plan has to be written and the IRS has to be notified that the plan exists. There are no annual reporting requirements to the IRS for a premium only plan.

Employers that pay the full monthly cost of their employee's health insurance are exempt from this regulation.

Marien + Company offers a QuickBooks Support Plan

- 25 calls per year
- Unlimited time per call
- One site visit per year
- One annual fee

\$999

NEW FILING REQUIREMENTS FOR NON PROFITS

On August 17, 2006, President Bush signed into affect the Pension Protection Act of 2006 (PPA). Though the main purpose of the act is to protect retirement funding it has also introduced new legislation regarding filing requirements for non profits.

In previous years many small tax exempt organizations were not required to file an annual Form 990 with the IRS as long as these organizations generated less than \$25,000 of gross receipts. However, beginning in 2008, a provision of the PPA legislation now requires that the approximately 650,000 non profits who were previously exempt must now file for activities that took place in their 2007 fiscal year. Exceptions to this requirement include churches and conventions or associations of churches. Organizations that are included in a group return are also exempt. This filing requirement will allow both the IRS and the public to obtain accurate and timely information about non profits. Regardless of the size of annual receipts non profits will now have a certain amount of visibility to their donors, potential contributors and the general public.

Although these organizations may choose to file a Form 990 or Form 990 EZ, the IRS has developed a new form, Form 990-N, also referred to as the e-Postcard, which is much simpler to fill out. There is no paper copy of the form; it will be filed over an electronic system developed by the IRS.

The e-Postcard will require the following information:

- The name(s) the organization operates under
- Mailing address
- Website (if applicable)
- Employer identification number (EIN)
- Name and address of a principal officer
- The organization's tax period

- A statement indicating that gross receipts continue to be under \$25,000
- If applicable, that the organization is ending operations

The e-Postcard must be filled annually going forward. The form must be filed by the 15th day of the 5th month following the non profit's fiscal year end. For organizations with a year end of December 31, 2007 the e-Postcard must be filed by May 15, 2008, for those organizations with an end date of June 30, 2008, it must be filed by November 15, 2008.

Those organizations affected by this legislation should be receiving notification from the IRS. If an organization fails to file the e-Postcard, or other acceptable Form 990, for three consecutive years, their tax-exempt status will be revoked, causing negative tax repercussions. Should this happen the organization may reapply for tax-exempt status; however for status to be retroactive the organization must show reasonable cause for not filing the e-Postcard.

For more information about Form 990-N, you can visit the IRS website at www.irs.gov/eo. You can also contact us for more information.

SECOND-TO-DIE LIFE INSURANCE

Second-to-die life insurance, also known as last to die life insurance and joint and last survivor insurance, can be an effective estate planning tool.

Second-to-die life insurance insures two spouses and pays benefits only after the second spouse dies. The death benefit from the policy becomes available upon the second death when estate taxes and estate settlement costs may cause an excessive financial burden.

Estate taxes are calculated based upon the total current asset value, so second-to-die life insurance can protect family estates such as real estate, property, family farms, and other hard assets from liquidation.

This type of policy also has additional advantages over a single life policy. Premiums are typically lower than those on two individual policies, and a second-to-die policy will generally permit an otherwise uninsurable spouse to be covered.

Contact Tom Marien to determine whether a second-to-die policy should be part of your tax and estate planning strategy.

PERSONNEL ASSESSMENT

In today's competitive marketplace, employers face the challenge of attracting, developing, and retaining their best employees. One tool that is being used more frequently in this process is personnel assessment.

Personnel assessment is a systematic approach to gathering information about employee candidates or employees. This information is used to make employment or career related decisions about these individuals.

All assessment tools used to make employment decisions, regardless of their format, level of standardization, or objectivity, are subject to professional and legal standards. For example, both the evaluation of a resume and the use of a highly standardized achievement test must comply with state and federal laws.

Employees and applicants vary widely in their knowledge, skills, abilities, interests, work styles, and other characteristics. These differences affect the way people perform or behave on the job. These characteristics are not necessarily apparent by simply observing the employee or job applicant. Employment tests can be used to gather information about job-relevant characteristics to assist in making employment and career related decisions.

Some tests can be used to predict employee and applicant job performance.

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Assessment instruments can be extremely helpful when used properly, but counterproductive when used inappropriately. Typically, organizations use assessment tools and procedures to help them perform the following human resource functions:

- Identify and hire, fairly and efficiently, the best people for the job and organization.
- Assign employees to the appropriate job level.
- Identify employees and applicants who may benefit from a particular type of training.
- Identify employees who possess managerial potential or higher-level capabilities.

The number of laws and regulations governing the employment process has increased over the past four decades. Many of these laws and regulations have important implications for conducting employment assessments. Consult with your legal advisors before instituting employment and assessment testing.

2008 MILEAGE RATES

- 50.5 cents per mile for business miles driven
- .19 cents per mile driven for medical or moving purposes; and
- .14 cents per mile driven in service of charitable organizations

DOING BUSINESS IN INDIA

India provides significant opportunities for business investment due to a highly abundant skilled labor force as a result of an excellent education system. India is the largest democracy in the world. It is also a country of a blend of cultures, religions, races, and languages.

Meetings

Meetings in India will generally begin with friendly small talk. This may include personal questions about family and is seen as a way of building rapport and trust before business begins. In India, the family unit is highly valued. Therefore, showing interest and respect towards a business partner's family is vital for establishing successful relationships.

Doing business in India involves building relationships. Indians only deal formally with those they know and trust. It is important that a good working relationship is formed with a prospective business partner. Meetings should be arranged well in advance. It should be done in writing and confirmed. When entering a meeting room, you must always approach and greet the most senior person first.

Economy

A foreign investor who wishes to do business in India will find tremendous opportunities. India's economy has grown 8 percent each year for the last 3 years. Policy measures undertaken in India recently have helped in the economic progress.

Government

India is a sovereign, socialist, democratic republic. It comprises 29 states and 6 territories. Each state is administered by a state government, while the central government is in charge of the overall administration of the country.

India follows a parliamentary form of government. Even though the President is the head of the republic, the real powers are vested in the Prime Minister, who is the elected representative of the people.

Forms of Business Organizations

The principal forms of business organizations in India are: corporations, partnerships, and sole proprietorships.

Corporations in India may broadly be classified into public and private sector corporations. A private sector corporation can further be classified as a public or private corporation having limited or unlimited liability to its members.

Taxing Structure

India has a well-developed tax structure with clear authority between central and state governments. The central government levies tax on income.

Taxes on Corporate Income

Companies resident in India are taxed on their worldwide income arising from all sources, in accordance with the provisions of the Income Tax Act. Non-resident corporations essentially are taxed on the income earned from a business connection in India or from Indian sources. A corporation is deemed to be resident in India if it is incorporated and if its control and management is situated entirely in India.

Domestic corporations are subject to tax at a basic rate of 35% and a 2.5% surcharge. Foreign corporations have a basic tax rate of 40% and a 2.5% surcharge.

Domestic corporations have to pay dividend distribution tax at the rate of 12.5%.

Corporations pay a minimum alternative tax at 7.5% of net profit as tax if the tax payable is less than 7.5% of its net profits.

Benefits of Doing Business in India

India presents foreign companies with a great opportunity to lower their overhead and increase profits. A large skilled workforce with excellent communication and technical skill sets combined with a good work ethic provides for many opportunities.

The country's highly advanced and ever increasing infrastructure in telecommunication, IT infrastructure, roadways, airways, and shipping allow for easy movement of physical goods as well as quick delivery of virtual services.

124 New London Turnpike, Norwich, CT 06360

Phone: 860.886.1750 Fax: 860.886.0280

www.MarienCPAs.com



Marien + Company, LLC is a member of MGI, a worldwide association of independent accounting firms.

The 12+ hour time difference between US Eastern Standard Time and India cuts down development time significantly. Indian offshore centers gain a whole day to react to or work on projects that they have been assigned the previous day. This often results in the project being completed in time for delivery the next morning to the US client.

English is the official business language and is widely spoken. There are no difficult language barriers.

India is a safe and secure country to visit whether for business or pleasure.

A growing Western culture and mindset helps overcome cultural differences.

If you are interested in doing business in India or have any questions pertaining to this article, please contact Tom Marien.

This newsletter is intended for general reference only. It is not a substitute for specific, professional accounting and tax advice.

WE'RE GOING GREEN

This will be our last paper newsletter. If you would like to continue receiving our quarterly newsletters please go to www.MarienCPAs.com and click on the newsletter link to sign up for our electronic newsletter.

We will also be taking suggestions for future articles.

Marien + Company LLC
Phone: 860.886.1750
Fax: 860.886.0280
www.MarienCPAs.com
124 New London Turnpike
Norwich, CT 06360