

DECEMBER 2006

# THE WRIGHT NEWS



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## RECENT CHANGES MAY AFFECT YOUR 2006 TAXES

Some recent tax law changes are effective for the 2006 Tax Year. Here are the major changes.

**Earned income amount:** In computing the Earned Income Tax Credit, a taxpayer with non-taxable combat pay has the option of counting that pay as earned income, or omitting it. This has no effect on the amount of combat pay that is not taxed.

For 2006, the maximum amount of the credit is \$4,536 for a taxpayer with two or more qualifying children, \$2,747 for a taxpayer with one qualifying child, or \$412 for a taxpayer without a qualifying child.

**Additional Child Tax Credit:** Taxpayers with a credit amount more than their tax could get a refund of the difference, up to 15 percent of the amount by which their 2006 taxable earned income exceeds \$11,300. Previously, the

rate had been 10 percent.

**Standard Deduction:** The basic standard deduction for married taxpayers filing jointly and qualifying widow(er)s has increased to \$10,300 (twice that of single filers). The standard deduction for married taxpayers filing separately has increased to \$5,150 (the same as that of single taxpayers). The standard deduction for the head of the household has increased to \$7,550.

**Home Sales:** Taxpayers may not exclude any gain on the sale of a principal residence if they sold the property after Oct. 22, 2004, and had acquired it in a like-kind exchange during the five-year period ending on date of the sale.

**Education Incentives:** Distributions from Qualified Tuition Plans (QTPs) maintained by private educational institutions are excludible up to the amount of qualified educational expenses.

This tax break had been limited to State-sponsored QTPs.

**Standard Mileage Rates:** Beginning Jan. 1, 2006 the standard mileage rates for the use of a car will be 44.5 cents a mile for all business miles driven, 18 cents a mile when computing deductible medical or moving expenses, and 14 cents a mile when giving services to a charitable organization.

**Sales Tax Deduction:** Taxpayers who itemize have the choice of deducting state and local income or sales taxes. An optional state sales tax table may be used in lieu of receipts for sales taxes paid. Sales taxes paid on a motor vehicle may be added to the table result, only up to the amount paid at the general sales tax rate. Sales taxes on a boat, plane, home, or building materials may be added if taxed at the general sales tax rate.

## ADVANCE LOANS OFFERED EARLIER WITH HIGHER LOAN AMTS

We are proud to announce that we are offering our advance loan program this December. That is right, we are one of the first in the industry who will be able to extend you a loan on your 2006 tax return before 2006 actually ends.

Beginning on December 29th, our advance loan program will commence with some exciting new enhancements. Our Advance loans will have two loan tiers of \$1,200 and \$1,900. Loan amount will be determined by refund amount. This means that some clients can get their tax re-

funds before the tax season officially starts. Also for those clients who prefer the cash card as a



method of disbursement, SBBT will now charge a one-time account setup fee for the popular Cash Card debit card rather than reoccurring transaction

fees, and the daily withdrawal limited has been increased to accommodate taxpayers with higher RAL amounts.

For those clients who prefer the cashier check method of disbursement SBBT has an agreement with Walmart in which you will be able to cash your checks (amounts up to \$2,900) for only \$3. Check with the store for availability.

End the year with a bang by getting some of your refund before the year even ends! All you will need is your last pay stub!



**December 29**  
Instant Loans available.

**January 11**  
IRS early e-file begins

**January 12**  
IRS nationwide e-filing officially begins

**January 14**  
First IRS acknowledgements expected

**April 17**  
End of the tax season

## TAX SEASON 2006: DATES AND THINGS YOU SHOULD KNOW

The 2006 tax season is upon us. This year we have a variety of ways of making your tax filing process as painless as possible. There are some very important changes this year so let's get right to them.

Our firm participates in the IRS early e-filing program which starts on January 11th at midnight. The first day of the launch of the nationwide e-filing tax season is January 12th at midnight. The IRS are expected to accept returns on January 14th and should send acknowledgements back to transmitters from that point forward.

As a result, clients who elect to receive a loan against their tax return or an instant loan can receive an loan up to \$1900 beginning on December 29, 2006. This product only increases your bank product fee by \$39.00.

Our participating RAL bank, Santa Barbara Bank and Trust has increased the amount of their RAL's from \$7,000.00 to \$9,999.00. This means that more than 97% of our clients who selects a next day loan against their refund will get all of their federal proceeds within twelve hours.

You may save time by utilizing our "fax your tax service". Simply

download our taxpayers information sheet by visiting [www.wenyinc.com/publications](http://www.wenyinc.com/publications), complete it and fax it to us at 718-272-1154. Call us in two business hours and your return should be complete. You are welcome to fax over your documents as soon as you have received all of them. We cannot process your return until we receive all of your tax documents.

We still offer a variety of disbursement methods including direct deposit and ATM cards. If you do not have a bank account we recommend the ATM card method.

## WENY LAUNCHES FULL SERVICE TRAVEL AGENCY

Beginning in early 2007, we are launching a full service travel agency. We will offer everything from Amtrak tickets to extravagant getaways.

We will be offering airline tickets, cruises, hotel and car reservations to all of the major airlines, cruise lines, hotels and car rental agencies. All of our prices will be deeply discounted. If, however, you find a lower rate, call us and we will beat or match that rate. We give you the very best tools to make intelligent cruise buying de-

isions. Friendly and experienced travel experts will be available for your booking assistance and after sales support.

You will receive the reliability and professionalism synonymous with our service as well as a knowledgeable travel agent who will take care of your travel itinerary as if they were planning their own trip.

Our travel agents are well traveled and seasoned in the art of leisure travel. We specialize in cruises and can be a great

source of information when you are not sure about your travel destination.

You will be able to plan your vacation in advance and pay on it until thirty days of your schedule departure. For your convenience we accept Visa, Mastercard, and Discover. So when your ready to travel, just pick up the phone and give us a call.

Our philosophy for our travel agency is same as our corporate slogan. At WENY you will get more for less!

## 2006 STANDARD MILEAGE RATES SET

For tax years beginning in 2006, the allowable deductions for the standard mileage rate are as follows:



**Business miles:** The standard mileage rate for the cost of operating your car increases to **44.5** cents a mile for all business miles driven.

**Charitable services:** The standard mileage rate allowed for use of your car when you use your car to provide charitable services to a charitable organization is **14** cents a mile.

**Charitable services — Hurricane Katrina relief services:** If you used your vehicle in giving services to a charitable organization to provide relief related to Hurricane Katrina, the standard mileage rate allowed for use of your car is **32** cents a mile.

**Medical reasons:** The standard mileage rate allowed for use of

your car for medical reasons is **18** cents a mile.

**Moving:** The standard mileage rate for determining moving expenses is **18** cents a mile.

We are here to help you determine your deductions. You can also download publications and documents regarding this matter by visiting our interactive website at [www.wenyinc.com](http://www.wenyinc.com). We have an direct link to the IRS website and its publications.



## FREQUENTLY ASKED QUESTIONS

Here are the answers to some of your frequently asked questions.

**Q. I retired last year, and started receiving social security payments. Do I have to pay taxes on my social security benefits?**

A. To determine whether any of your benefits are taxable, compare the base amount for your filing status with the total of one half of your social security payments plus all your income from other sources, including tax exempt interest. If you are married and file a joint return, you must combine your incomes and your social security and equivalent tier 1 railroad retirement benefits when figuring the taxable portion of the benefits.

**Q. Are social security survivor**

**benefits for children considered taxable income?**

A. The person who has the legal right to receive the benefits must determine whether the benefits are taxable. For example, if you and your child receive benefits, but the check for your child is made out in your name, you must use only your part of the benefits to see whether any benefits are taxable to you. One half of the part that belongs to your child must be added to your child's other income to see whether any of those benefits are taxable to the child.

**Q. What expenses qualify for the education credits?**

A. Expenses that qualify are tuition and fees required for enroll-

ment or attendance at any college, vocational school, or other post-secondary educational institution eligible to participate in the student aid programs administered by the Department of Education.

Qualified expenses do not include books, room and board, student activities, athletics (unless the course is part of the student's degree program), insurance, equipment, transportation, or other similar personal, living, or family expenses. The cost of books and equipment are generally not qualified expenses because eligible educational institutions usually do not require that fees for such books or equipment be paid to the institution as a condition of the student's enrollment or attendance at the institution.



## TAX PLANNING: AN ADVANCE LOOK AT TAX YEAR 2007

Personal exemptions and standard deductions will rise, tax brackets will widen and income limits for IRAs will increase in 2007, thanks to inflation adjustments announced today by the Internal Revenue Service.

By law, the dollar amounts for a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits, affecting virtually every taxpayer, are being adjusted for 2007. Key changes affecting 2007 returns,

filed by most taxpayers in early 2008, include the following:

- The value of each personal and dependency exemption, available to most taxpayers, will be \$3,400, up \$100 from 2006.
- The new standard deduction will be \$10,700 for married couples filing a joint return (up \$400), \$5,350 for singles and married individuals filing separately (up \$200) and \$7,850 for heads of household (up \$300). Tax-bracket thresholds will increase for each filing status. For a married couple

filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket will be \$63,700, up from \$61,300 in 2006.

In 2007, for the first time, inflation adjustments will raise the income limits that apply to the retirement savings contributions credit, contributions to a Roth IRA and deductible contributions to a traditional IRA where the taxpayer or the taxpayer's spouse is covered by a retirement plan at work.

## TELEPHONE TAX REFUNDS

The Internal Revenue Service announced that it will stop collecting the federal excise tax on long-distance telephone service.

The tax on telephone services was first imposed in 1898. The current rate is 3% of the charges billed for these services. The IRS announcement follows decisions in five federal appeals courts holding that the tax does not apply to long-distance service as it is billed today.

Taxpayers will be eligible to file for refunds of all excise tax they have paid on long-distance ser-

vice billed to them after Feb. 28, 2003. Interest will be paid on these refunds.

Taxpayers will claim this refund on their 2006 tax returns. In order to minimize burden, the IRS announced a simplified method that individuals may use. "So taxpayers won't have to spend time digging through old telephone bills, we designed a straightforward process that taxpayers may use when they file their tax returns," said IRS Commissioner Mark W. Everson. "Claiming a refund will be simple and fair."

The IRS announcement does not affect the federal excise tax on local telephone service, which remains in effect. Likewise, various state and local taxes and fees paid by telephone customers are also unaffected.

The IRS is offering a standard refund amount between \$30 and \$60. The standard amount is based on actual telephone usage data and the amount applicable to a family or other household reflects the long-distance phone tax paid by similarly sized families or households.



Did you know that you can get the answers to many of your questions off of our website? You can download forms, and even check the status of your federal or state tax return. You can also check the status of your bank product. Simply log onto [www.wenyinc.com](http://www.wenyinc.com) and your questions will be answered.

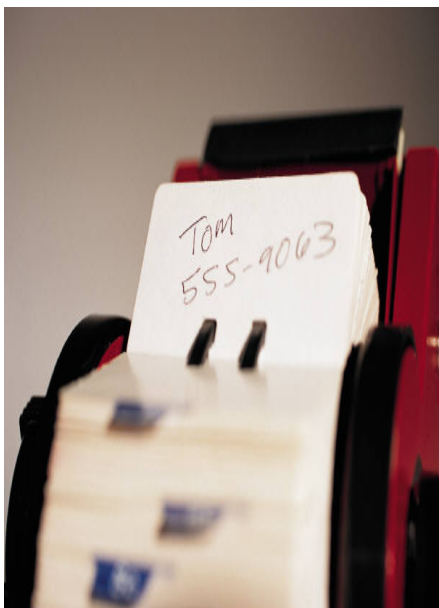


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## Numbers You Should Have



Our Office 718-272-1138  
Our Fax 718-272-1154  
Our email questions@wenyinc.com

Business hours are from 10:00 AM to 8:00 PM Monday through Saturday during tax season, and 10:00 AM to 5:00 PM Monday through Friday during the off-season.

<u>AGENCY</u>	<u>PHONE #</u>	<u>WEBSITE</u>
Internal Revenue Service	(800) 829-1040	www.irs.ustreas.gov
IRS Refund Hotline	(800) 829-4477	www.irs.ustreas.gov
NYS Electronic Filing Filers	(800) 353-0708	www.tax.state.nys.us
NYS Customer Service	(800) 443-3200	www.tax.state.nys.us
Santa Barbara Bank & Trust	(800) 779-7228	www.sbbtral.com

It is a good rule of thumb to bet that during tax season, most of these numbers will be busy. If you are calling during this period of time, you should call early in the morning, and as late in the evening as possible to avoid peak hours. You should allocate yourself at least thirty minutes, because there will be an eventual waiting period.

**We're on the web!**

Visit us at  
[www.wenyinc.com](http://www.wenyinc.com)