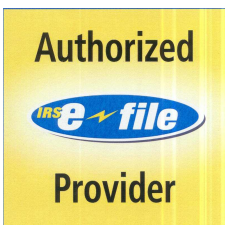


DECEMBER 2007

THE WRIGHT NEWS



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RECENT CHANGES MAY AFFECT YOUR 2007 TAXES

Some recent tax law changes are effective for the 2007 Tax Year. Here are some of the major changes.

Earned Income Amount:

The maximum amount of income you can earn and still get the credit has increased for 2007. You may be able to take the credit if:

You have more than one qualifying child and you earn less than \$37,783 (\$39,783 if married filing jointly), You have one qualifying child and you earn less than \$33,241 (\$35,241 if married filing jointly), or You do not have a qualifying child and you earn less than \$12,590 (\$14,590 if married filing jointly).

The maximum amount of adjusted gross income (AGI) you can have and still get the credit also has increased. You may be able to take the credit if your AGI is less than the amount in the

above list that applies to you.

Standard Deduction

The standard deduction for taxpayers who do not itemize deductions on Schedule A of Form 1040 is, in most cases, higher for 2007 than it was for 2006. The amount depends on your filing status, whether you are 65 or older or blind, and whether an exemption can be claimed for you by another taxpayer.

The basic standard deduction amounts for 2007 are: Head of household \$7,850. Married taxpayers filing jointly and qualifying widow(er)s \$10,700. Married taxpayers filing separately \$5,350. Single \$5,350

The standard deduction amount for an individual who may be claimed as a dependent by another taxpayer may not exceed the greater of \$850 or the sum of \$300 and the individual's earned income.

For 2007, the additional standard deduction amount for a person who is age 65 or older or blind is \$1,050. If you are single and not a surviving spouse, the additional standard deduction amount is \$1,300.

Standard Mileage Rates:

The standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be 48.5 cents per mile for business miles driven; 20 cents per mile driven for medical or moving purposes; and 14 cents per mile driven in service to a charitable organization.

The new rate for business miles compares to a rate of 44.5 cents per mile for 2006. The new rate for medical and moving purposes compares to 18 cents in 2006. The primary reasons for the higher rates were higher prices for vehicles and fuel during the year ending in October.

IMPORTANT LAW CHANGE AFFECTS MILITARY PERSONNEL

At this time, active military and their spouses and dependents will not be able to file for a RAL this year. The John Warner National Defense Authorization Act (the "Act") prohibits offering active military personnel or their spouse and dependents RAL's with military APRs greater than 36%.

The Act requires the \$30.95 account-handling fee to be included in the military APR calculation. Including this fee increases the APR so much that any RAL bank or Tax preparer in the country

cannot offer an economically viable RAL that meets the military APR limitation. Military status



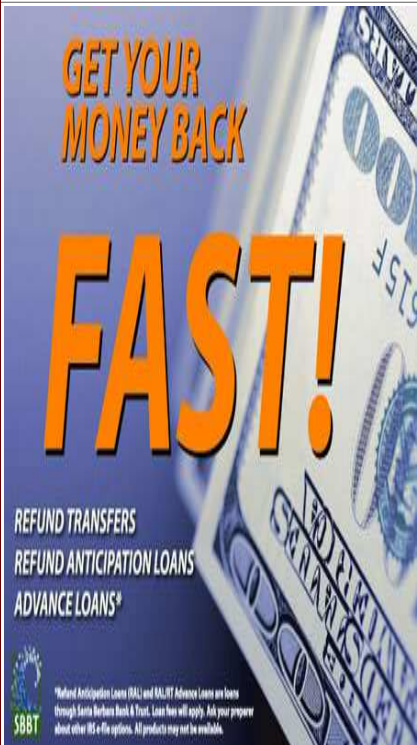
will have to be determined as an up-front check and those who are active will not be able to file a RAL application.

Those who deny active military

status will be required to certify that in writing. It is probably an unintended consequence of those who passed this bill but it is now law.

You can still have your returned prepared using our PERC bank product without any upfront fees. However, you will not receive your proceeds until the IRS deposits your refund, usually in within fourteen days.

The participating banks suggest that all complaints should be forwarded to the base commanders not the bank.



January 10
IRS early e-file begins

January 11
Instant Loans available.

January 11
IRS nationwide e-filing officially begins

January 13
First IRS acknowledgements expected

April 15
End of the tax season



TAX SEASON 2007: DATES AND THINGS YOU SHOULD KNOW

The 2007 tax season is upon us. This year there is a variety of important changes that you should be aware of so let's get right to them.

Our firm participates in the IRS early e-filing program which starts on January 10th at midnight. The first day of the launch of the nationwide e-filing tax season is January 11th at midnight. The IRS are expected to accept returns on January 13th and should send acknowledgements back to transmitters from that point forward.

The participating loan banks lost so much money last year with

advance pay stub loans that they have decided to discontinue this product. Instant loan are still available but they must accompany your filed tax return. Hence the first day that you can receive an instant loan of up to \$1900 won't begin until January 11, 2008.

Our selected participating RAL bank, Santa Barbara Bank and Trust RAL pricing is no longer based on tiers! RAL's will be priced using a fixed interest rate times the loan amount. For traditional RAL's between \$1,001 and \$3,799, the finance charge will be 2.5% of the loan amount. For RAL's between \$3,800 and

\$7,500, the fee will be \$95 (maximum finance charge). This is in addition to the account-handling fee of \$30.95. All fees will be paid from the RAL. They now offer low cost RAL's offered in the amount of the refund from \$300 to \$1,000. The finance charge is equal to 1.07% of the loan amount. This is in addition to the account-handling fee of \$30.95

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.

MORE IMPORTANT TAX CHANGES

Cash Contribution Changes

You cannot deduct a cash contribution, regardless of the amount, unless you keep as a record of the contribution a bank record (such as a canceled check, a bank copy of a canceled check, or a bank statement containing the name of the charity, the date, and the amount) or a written communication from the charity. The written communication must include the name of the charity, date of the contribution, and amount of the contribution.

Education Credits

For 2007, the amount of your Hope or lifetime learning credit is phased out (gradually reduced) if your modified adjusted gross income (MAGI) is between \$47,000 and \$57,000 (\$94,000 and \$114,000 if you file a joint return).

You cannot claim an education credit if your MAGI is \$57,000 or more (\$114,000 or more if you file a joint return). This is an increase from the 2006 limits of \$45,000 and \$55,000 (\$90,000 and \$110,000 if filing a joint return).

Alternative Minimum Tax

The following changes to the AMT went into effect for 2007.

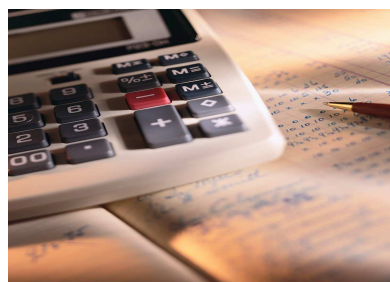
The AMT exemption amount has decreased to \$33,750 (\$45,000 if married filing jointly or qualifying widow(er)s); \$22,500 if married filing separately).

The minimum exemption amount for a child under age 18 has increased to \$6,300.

The minimum earned income amount has increased to \$11,750.

2008 STANDARD MILEAGE RATES SET

The Internal Revenue Service today issued the 2008 optional standard mileage rates used to calculate the deductible costs of



operating an automobile for business, charitable, medical or moving purposes.

Beginning Jan. 1, 2008, the standard mileage rates for the

use of a car (including vans, pickups or panel trucks) will be: 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.

The new rate for business miles compares to a rate of 48.5 cents per mile for 2007. The new rate for medical and moving purposes compares to 20 cents in 2007. The rate for miles driven in service of charitable organizations has remained the same.

The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile; the standard rate for medical and moving purposes is based on the variable costs as determined by the same study. Runzheimer International, an independent contractor, conducted the study for the IRS.

A taxpayer may not use the business standard mileage rate for a vehicle after using any depreciation method under MACRS.

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.



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 and your questions will be answered.

THE EFFECTS OF A SHORT SALE

With the increase in foreclosures lately you may have heard the term "short sale" and wondered what it was.

A short sale is when the lender will accept less than the full amount due on a mortgage when a property is sold. Usually, the lender will accept the short sale to avoid the time and expense of a foreclosure.

Homeowner who sells their home in a short sale may face a considerable tax bill based on the amount of the mortgage balance.

Having the lender forgive the debt does not lessen the tax liability. The property will be taxed as if it were sold for the total outstanding amount of the real estate loan, or the sale price, whichever is higher. If the bank were to forgive a deficit the money will be reported to the IRS as cancelled mortgage debt on your behalf.

Short sales are considered by the IRS to be a debt cancellation. Your Bank will send you an IRS Form 1099C-Cancellation of Debt. The IRS views the can-

celled or forgiven mortgage as income to the borrower in the tax year the debt was cancelled. You may end up with a large and unexpected tax bill on April 15th of the next year.

Unfortunately, homeowners who are looking for relief by selling their homes may unwittingly get from underneath one rock and crawl underneath a crater. The financial ramifications of a short sale is one that should be carefully considered.

DOES THE IRS OWE YOU MONEY?

The Internal Revenue Service is looking for 115,478 taxpayers who are due refund checks worth about \$110 million after the checks were returned as undeliverable.

The refund checks, averaging about \$953, can be claimed as soon as taxpayers update their addresses with the IRS. Some taxpayers have more than one check waiting.

"Taxpayers should not miss out on getting their money back," said Richard Morgante, commissioner of the IRS Wage and Investment

Division. "The IRS makes it as easy as possible for taxpayers to update their addresses and claim their refunds."

The number of undeliverable refunds each year is a relatively small portion of all refunds returned to taxpayers. So far in 2007, the IRS has processed nearly 105 million refunds, totaling about \$240 billion, either by mail or direct deposit.

In fact, undeliverable refunds account for less than one-tenth of one percent of all refunds, or about one in a thousand.

A refund check is normally returned as undeliverable when a taxpayer moves without updating his or her address with either the U.S. Postal Service or the IRS.

Refund checks are mailed to a taxpayer's last known address. Checks are returned to the IRS if a taxpayer moves without notifying the IRS or the U.S. Postal Service.

If there is an undelivered check outstanding within the last 12 months. Signing up for Direct Deposit can put an end to undelivered refunds.





Wright Enterprises Of New York Inc.

9722 Flatlands Avenue
Brooklyn, NY 11236-3730



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.

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