

DONOVAN SULLIVAN & RYAN

September 2009

A Newsletter for our Clients and Friends



FROM THE PARTNERS PEN....

Dear Clients and Friends,

Well, it looks like we will not have any tax hikes in 2010. Many tax professionals were expecting numerous sales transactions prior to December 31, 2009 in order to lock in lower capital gains tax rates. Most of the reports I read expect the new administration to push for significant tax increases in 2011, assuming the economy will have recovered by then. We'll see, it does seem as though things are slightly improving.

Now is a good time for me to meet with any new potential clients. As always, I appreciate your referrals of friends and business associates.

Seems like we spent so much time this year waiting for the arrival of summer - now it's almost over. Please note that our normal office hours (Monday - Friday from 9 - 5) will resume after Labor Day. Enjoy the last few weeks of summer!

Sincerely,

Mike Ryan

HOW DO YOUR ITEMIZED DEDUCTIONS COMPARE WITH THOSE OF OTHER FILERS?

Adjusted Gross Income	Taxable Income	Interest Expense	State and Local Taxes	Charity	Medical Expenses Deducted	Total Itemized Deductions
Under \$15,000	\$2,938	\$9,850	\$760	\$1,387	\$7,402	\$15,431
\$15,000-30,000	9,830	9,102	1,006	1,931	6,849	15,062
\$30,000-50,000	22,477	9,262	1,606	2,127	6,040	16,013
\$50,000-100,000	47,038	10,558	3,053	2,612	6,690	19,938
\$100,000-200,000	97,943	13,766	6,015	3,790	9,992	28,380
\$200,000-250,000	175,186	18,030	10,869	5,733	22,810	39,542
\$250,000 & above	681,827	28,110	39,464	23,813	32,813	91,046

If you're wondering how your itemized deductions compare with those of other filers, refer to the chart above. It compares key deductions for different adjusted gross incomes using IRS data from 2007 returns. Having above-average deductions does not necessarily trigger an audit. The IRS knows that taxpayers who live in states with a high individual income tax have larger state deductions than those in states with a low tax rate or no tax.

WHO PAYS TAXES?

- The top 1% of filers (those with adjusted gross income greater than \$410,000) paid 40.4% of all federal income taxes, up from 39.9% in 2007. However, those taxpayers made just 22.8% of the total reported adjusted gross income.
- The highest 5% (with AGIs of at least \$160,000) paid 60.6% of total income tax and made up 37.4% of all AGI.
- The top 10% of filers (with AGIs greater than \$113,000) paid 71.2% of total income tax and made up 48% of all AGI.
- The bottom 50% of all filers paid just 2.9% of the total income tax bill.

IMPORTANT UPCOMING TAX DEADLINES

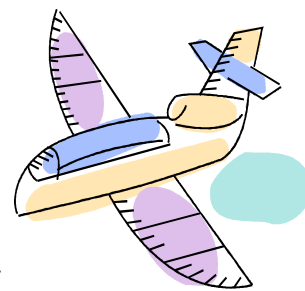
Just a reminder that if your Corporation or Partnership return (with 12/31 year end) is on extension, the extension due date is **September 15th**. If your Individual return is on extension, the six month extension due date is **October 15th**.



"More than accountants....business advisors"

DID YOU TRAVEL FOR BUSINESS THIS SUMMER?

If you did some business travel this summer, a portion of your trip may be tax-deductible if the trip was primarily for business or for career-related education. Days of leisure can be added to a trip and still be considered primarily for business. If a spouse accompanied you on the business trip, his or her travel expenses may be deducted only if your spouse (1) is your employee; (2) has a bona fide business purpose for the travel; and (3) would otherwise be allowed to deduct the travel expenses. In order to be considered an employee, your spouse must be on the company payroll and payroll taxes must be paid. If your spouse is not an employee and accompanies you on your trip, the cost of the hotel room would be deductible at the single occupancy per day rate rather than half the rate. Meals could also be deductible under the 50% meal deduction.



What Expenses are Deductible?

- Transportation Expenses between your home and business destination by airplane, train, bus or car.
- Taxi, Commuter Bus, Subway, and Airport Limousine Fares between the airport and your hotel and also between the hotel and your client's work location.
- Baggage and Shipping Expenses for materials that need to be shipped to your temporary work location.
- Car Expenses using either actual expenses or standard mileage rate. Also business only portion of a car rental.



- Lodging and Meals if your business trip is overnight or long enough that you need to stop for sleep or rest to properly perform your duties.
- Cleaning Clothes such as dry cleaning and laundry expenses.
- Telephone Expenses incurred for all business calls.
- Other Expenses such as tips, transportation to or from a business meal, public stenographer's fees, computer rental fees, or Internet access fees.

This summer.....

AROUND THE OFFICE

Mike Ryan traveled to FL and Nashville with his wife, Joanne, for some R & R.

John Marino traveled to FL and also spent time in NH with family. Also, congrats go out to John and his wife Nancy on the birth of their 7th grandchild, a baby girl. Piper Grace Marino was born 7/22/09 and checked in at 6 lbs 10 oz and 18 inches.

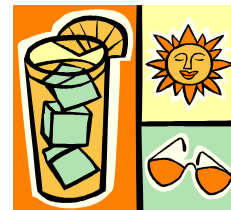
Anne Kraus enjoyed time with her family at her home in Harwichport.

Sue O'Brien enjoyed time with her family at her home in NH. Also, congrats to Sue and her husband Rich on the birth of their fifth grandchild, a baby boy. Noah Richard George was born on 7/27/09 and weighed in at 8 lbs 10 oz. This is the first child for Sue's daughter, Lori, and her husband Tom. We wish them all the best!

Bonnie Tyrrell vacationed in the Poconos with family and friends.

Joyce Foley enjoyed a vacation with her family in Sea Isle City on the Jersey Shore.

Bonnie Tyrrell and Joyce Foley successfully completed the QuickBooks 2009 Certification course and exam. They are now Certified QuickBooks Pro Advisors using the 2009 software.



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