



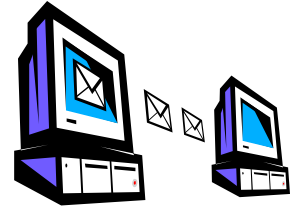
DONOVAN SULLIVAN & RYAN

October 2009

A Newsletter for our Clients and Friends

SECURE FILE EXCHANGE SYSTEM NOW IN PLACE

Last year we set up a secure, password protected portal for all of our clients that can be accessed through our website, www.dsrcpa.com. Many clients got on board and currently utilize this Secure File Exchange System. Now we are able to instantly exchange information via a secure server with these clients. This includes data files and documents of any type or size such as QuickBooks files, Microsoft Word Documents, PDF Documents, Excel Spreadsheets, Tax Returns and Financial Statements. Our IT person has told us many times that email was never designed for transferring large files.



For the upcoming tax season, it is our goal for all of our clients to utilize the portal. It is simple to use. It saves so much time especially for those of you who need to send us your QuickBooks files, instantaneously retrieve a copy of a previous tax return or send us a word, excel or .pdf document. We will be sending you instructions on how to use the portal along with your tax organizers this year.

In the mean time, if you would like to get started sooner, please contact Joyce Foley at jfoley@dsrcpa.com and she will help you get started.

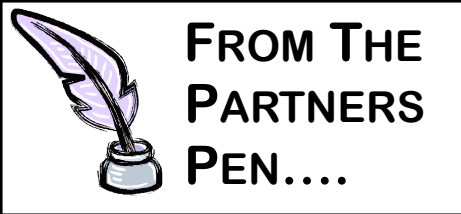


NOTICE OF UNREPORTED INCOME EMAIL

Beware of a fake email from the IRS giving notice of unreported/underreported income. The message has been sent to thousands of Americans and is nothing but another phishing scheme. The fake email notice from the IRS about unreported income pretends to be a legitimate IRS Notice called a CP2000. The individuals behind the message are soliciting people for their IRS account information. Once obtained, they can login and attempt to fraudulently collect tax refunds.

The IRS has clearly stated that they would never ask for personal information through email, so you should automatically suspect any such request. If you receive this message, don't reply to it. Whatever you do, don't open the attachment because it contains malicious code that could infect your computer.

If you do receive this notice or any other suspicious email, forward it to the IRS mailbox phishing@irs.gov, then delete it from your inbox.



FROM THE
PARTNERS
PEN....

Dear Clients and Friends,

Let's hope The Sox turn it on for the playoffs. It's been a tough season! Go Sox!

The fall season means tax planning and preparation for the filing season. I will be meeting with many clients to review the first nine months operations and prepare tax projections. We will discuss strategies to minimize their tax burden. If you would like to schedule an appointment please contact me. The entire staff will be attending tax and accounting seminars to stay abreast of all the latest changes.

We will have our booth at the Massachusetts Association of Insurance Agent's annual trade fair ("The Big Event") which will be held at the Marriott Copley Place on Friday October 30th from 9-1 and Saturday October 31st from 9-2. Be sure to stop by and say hello and enter our raffle.

Sincerely,



Mike Ryan

"More than accountants....business advisors"



IRS Tidbits...

- The IRS will begin using data from 1098 forms on mortgage interest payments to track down non-filers. Inspectors have discovered thousands of 1098's with large amounts of mortgage interest paid by those who did not file a tax return. Also from the 1098's they have discovered individuals whose interest payments exceeded their reported income for the year.
- The IRS will be requiring more information from lenders to help identify more filers whose mortgage interest deductions exceed the amount allowed. For example, having lenders report on the 1098 the amount by which a new loan exceeds the one that was refinanced would help the IRS to keep track of the \$100,00 cap on home equity loans.
- The Social Security wage base will remain at \$106,800 for 2010.
- Social Security recipients will not receive a cost of living hike next year.
- The IRS has launched an iTunes podcast site and a YouTube video site so individuals can view tax updates such as the first time home buyer credit and the write off of sales tax for new vehicles.
- States are using social networking sites such as Facebook and MySpace to track down tax evaders. The IRS is said to be following their lead very soon.
- The IRS is currently working with Congress trying to repeal the recordkeeping requirement for employer-provided cell phones. Under current law, if employees do not keep a log of their business and personal calls, usage of the phone is taxed as income to them and is hit with payroll taxes.
- The IRS will do more random employment tax audits than it first planned beginning in November. About 6,000 exams will be done over three years, up from 4,500 originally planned. The focus will be on worker classification, executive pay and fringe benefit issues, and will check to see if expense reimbursement plans qualify as accountable plans.
- The IRS is getting lots of leads on firms that may be misclassifying workers. Tens of thousands of workers have been filing Form 8919, a form used by workers who believe they are being incorrectly treated as contractors. This form allows workers to declare themselves employees so they can avoid paying self-employment tax.



irs.gov



DONOVAN, SULLIVAN & RYAN
265 WASHINGTON STREET WESTWOOD, MA 02090
TELEPHONE: (781) 329-1690 FAX: (781) 329-3002
WWW.DSRCPA.COM

