

IN THE BLACK

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Summer 2007

BRUCE A. RUKKILA, CPA, PC
CERTIFIED PUBLIC ACCOUNTANTS

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Welcome Back to *"IN THE BLACK"*

The goal of our newsletter is to share information and tips that are relevant to you and your business.

www.brucerukkila.com, send us an email at help@brucerukkila.com, or give us a call at (906) 482-6601.

If you have questions, comments or suggestions for us, visit our web site at

Bruce Rukkila, President,
CPA, MA, CVA

2007 IRS Standard Mileage Rates

Beginning January 1, 2007, 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
- 12 cents per mile driven in service for a charitable organization

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

For more information go to www.irs.gov

New Donor Record Keeping Rule

Effective January 1, 2007, Section 1217 of the Pension Protection Act of 2006 states that a donor cannot claim a tax deduction for any contribution of cash, check, or other monetary gift unless the donor follows certain record keeping rules.

The donor must either maintain a record of the contribution in the form of either a bank record (such as a canceled check) or a written communication from the charity.

Written communication should include the following:

1. Name of the charity
2. Amount of the cash contribution or a description of the non-cash contribution
3. Statement that no goods or services were provided by the organization in return for the contribution, if applicable
4. Description and good faith estimate of the value of goods or services that an organization provided in return for the contribution, if applicable
5. Statement that goods or services that an organization provided in return for the contribution consisted entirely of intangible religious benefits, if applicable.

Section 179 Expense

Increased Section 179

The maximum Section 179 deduction you can elect for qualified Section 179 property placed in service in 2007 has increased to \$112,000 (\$147,000, for qualified enterprise zone and qualified renewal community property). This limit is reduced by the amount by which the cost of qualified property placed in service during the tax year exceeds \$450,000.

For more information go to www.irs.gov.

Tax Freedom Day

Tax Freedom Day is the first day of the year in which a nation as a whole has theoretically earned enough income to fund its annual tax burden. It is annually calculated in the United States by the Tax Foundation, a Washington, D.C. based tax research organization. Taxes include those from all levels of government-local, state, and federal.

In the United States, Tax Freedom Day (TFD) for 2007 was April 30, for a total average effective tax rate of 32.69 percent of the nation's income.

Year	TFD	% Tax Burden
1900	Jan 22	5.90%
1910	Jan 19	5.02%
1920	Feb 13	11.96%
1930	Feb 12	11.61%
1940	Mar 07	17.98%
1950	Apr 01	24.87%
1960	Apr 12	27.88%
1970	Apr 20	29.90%
1980	Apr 22	30.68%
1990	Apr 23	30.80%
2000	May 05	33.98%
2001	May 01	33.01%
2002	Apr 21	30.27%
2003	Apr 18	29.51%
2004	Apr 19	29.69%
2005	Apr 26	31.53%
2006	Apr 28	32.29%
2007	Apr 30	32.69%

Information About IRS Notices

Each year, the IRS sends millions of letters and notices to taxpayers to request payment of taxes, notify them of changes to their account or request additional information. The notice you receive normally covers a specific issue about your account or tax return. Each letter or notice provides specific instructions explaining what action you should take to satisfy the inquiry.

Most correspondence can be handled without calling the IRS office. If you have questions, call the number indicated in the notice or call the IRS at 1-800-829-1040. Make sure to have a copy of your tax return and the correspondence available when you call so your account can be easily accessed.

Before contacting the IRS, review the correspondence and compare it with the information on your return. If you agree, and a response or payment is required, follow the instructions in the notice. If you do not agree, write why you disagree and include any documentation to support your position. Mail your information with the bottom tear-off portion of the notice, if one is provided, to the appropriate address as indicated in the notice. Please allow at least thirty days for a response.

The IRS may send a second notice requesting additional information or to provide additional information to you. Be sure to keep copies of any correspondence with your tax records. If you received a notice and are confused about what to do next, please feel free to contact us and we can help!

Call: (906) 482-6601

July 1, 2007

Minimum Wage Increases to \$7.15

The legislation signed by Governor Jennifer M. Granholm, will increase the minimum wage in three steps:

1. October 1, 2006, it increased to \$6.95
2. July 1, 2007, it increases to \$7.15
3. July 1, 2008, it increases to \$7.40

With this signing, Michigan joins more than 15 other states that have increased their minimum wage over federal standards.

For more information go to www.michigan.gov

Social Security & Medicare Taxes

The maximum amount of wages subject to the social security retirement tax for 2007 is \$97,500.

There is no limit on the amount of wages subject to the Medicare tax.

For more information go to www.irs.gov

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RETURN SERVICE REQUESTED