LINDENBUSCH
ACCOUNTING & TAX SERVICE, INC.
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January 6, 2011

Dear Client:

Christmas and New Years greetings. Today, January 6th, is the last of the twelve days of Christmas. Although we don't have twelve drummers drumming to give, we do give our best wishes for a great new year. Back when the wise astronomers were bestowing gifts on our fledgling Savior, their Caesar was punishing his Hebrew subjects. Today, as our Caesar kneels towards the East, we too are feeling the wrath of an over-spending, over-reaching government. Our modern day "Rome" is currently borrowing more than 2 million dollars every minute of every day. In a world of unsustainable irresponsible spending maybe we should spend some time with Him, our little Savior.

To pay Caesar only what he is due is what Dedra and I strive for. This year, coincidently we've spent more than twelve days attending tax seminars. We will employ our secretary sometime in the final week of January, 2011. I have instructed her to repeat the agreed upon appointment time and date before ending her conversation with you. We do not give reminder calls on appointments. On the front of this newsletter is a place to write your scheduled appointment. Please visit our new WEBSITE at www.lindenbuschtaxservice.com.

Inside this newsletter you'll find the colored insert pages 1 and 2 showing the 2010 Tax Fact Sheet. Regarding our office policy PLEASE TAKE THE TIME TO READ INSERT PAGE 3. Insert page 4 explains our Privacy Policy Notice, and information about my successful charitable bike ride in May 2010. If all taxpayers are not present at the tax appointment the absent taxpayer should PLEASE PRE-SIGN the attached Form 8879 IRS e-file Signature Authorization prior to preparing your return. We **can not** file your return unless we have signature(s) on this form. The back of the final page has the instructions for form 8879.

We honor our veterans and deeply respect their sacrifices. You men and women who've donned our country's fatigues will get a tax preparation fee break on a case by case basis. Thank You!

For your trust in us we thank you. Dedra and I wish you the very best for 2011. May peace and prosperity fill your year.

Sincerely,

Barry P Lindenbusch
President

2010 TAX FACT SHEET

. . . . **<u>THE STANDARD DEDUCTION:</u>**

Married Filing Jointly	under 65	$ 11,400
Married Filing Separately	under 65	$ 5,700
Head of Household	under 65	$ 8,400
Single	under 65	$ 5,700

The above standard deduction for those who are either 65 or legally blind is <u>increased</u> by $1100 or $1400 per person depending on filing status.

. . . . **<u>10% TAX BRACKET:</u>** is built into the tax tables for the very first dollars taxed. $8375 for single and married filing separate and for married filing joint the amount is $16,750.

. . . . **<u>THE TAX BRACKET FOR 2010:</u>**

Married Filing Jointly — you leave the 15% bracket and enter the 25% when taxable income hits $68,000.

Married Filing Separately — you leave the 15% bracket and enter the 25% when taxable income hits $34,000.

Head of Household — you leave the 15% bracket and enter the 25% when taxable income hits $45,500.

Single — you leave the 15% bracket and enter the 25% when taxable income hits $34,000.

. . . . **<u>THE PERSONAL EXEMPTION:</u>** for 2010 is $3650.

. . . . **<u>THE BUSINESS MILEAGE:</u>**	rate for 2010	50.0 ¢ per mile
<u>THE MEDICAL MILEAGE:</u>	rate for 2010	16.5 ¢ per mile
<u>THE CHARITABLE MILEAGE:</u>	rate for 2010	14.0 ¢ per mile

. . . . **<u>THE SELF EMPLOYED HEALTH INSURANCE:</u>** deduction for 2010 is 100% of your premiums or net earnings from business whichever is lower. It can be taken if you or your spouse are <u>not</u> eligible for a "subsidized health plan" maintained by your employer(s). Also available to Sub Chapter S shareholders who own more than 2% of the Corporation.

. . . . **THE EARNED INCOME CREDIT (E.I.C.):** Please see our new website for information regarding the earned income credit and thresholds. The web address is *www.lindenbuschtaxservice.com*.

. . . . **THE SECTION 179 ELECTION TO EXPENSE:** 2010 maximum deduction is $250,000.

. . . . **DEPENDENT CARE CREDIT:** If your AGI is between $15,000 and $43,000 you can receive a credit ranging from 20% to 35%. This amounts to $600 to $1050 if you have one child or $1200 to $2100 for 2 or more children. Remember to separate child care expenses for each child and to get the child care providers Name, Address and ID# (social security number if provider is an individual).

. . . . **THE CHILD TAX CREDIT:** For a child 16 and under: 2010 is $1000.00 per child.

. . . . **MORTGAGE INSURANCE PREMIUMS (M.I.P.)**: on your personal residence purchased after Jan.1, 2007. If the amount is $600 or more it will show on your Form 1098, Mortgage Interest Statement, in box 4. If your annual premium is less than $600 you will need to contact your lender and get that amount. Remember not every lending institution charges M.I.P. You must itemize your deductions to get this tax break. This deduction has been extended through 2010

. . . . **ENERGY CREDITS:** In August 2005 the ENERGY POLICY ACT went into effect. New credits for energy efficient improvements made to personal residences. To qualify, home improvements must be made to your principal residence and not to a second home. A $1,500 maximum cumulative credit is available for certain energy-saving expenditures and has been extended and expanded in 2009 and 2010 tax years. To see what qualifies you can access a list on the internet by going to **www.energystar.gov/index.cfm?c=products.pr_tax_credits** or you can download the IRS publication by going to **www.irs.gov/pub/irs-pdg/p553.pdf**. The credit is 30% of the cost of energy efficient building components. This non-refundable credit is limited to certain types of expenditures.

. . . . **LOWER CAPITAL GAIN RATES:** In 2008 through 2010 for folks in the 5% to 15% bracket.

NEW FOR 2010

. . . . **FIRST TIME HOMEBUYERS CREDIT:** There were three different credits. If you took advantage of the first credit (2008) of $7500, this is the first of 15 years you commence payback. Your tax liability will increase by $500 per year starting with 2010. The last two refundable credits of $8000 and $6500 expired September 30, 2010.

Visit our new website:

www.lindenbuschtaxservice.com

OFFICE POLICY

Lindenbusch Accounting and Tax Service, Inc. is very small and we wish to remain that way. During the income tax season which starts in mid-January and runs through mid-April, our time is a precious commodity. We've grown to the point where we need to share some guidelines with you, our valuable client. We appreciate your trust in us and hope that with these few suggestions our accounting and tax practice can operate more efficiently to better serve you. THANK YOU.

OFFICE HOURS (during tax season)
8:00 am to 6:00 pm Monday through Friday
8:00 am to 5:00 pm Saturdays
Sundays by appointment.

OFFICE HOURS (outside of the tax season)
By appointment only. To keep fees reasonable, we do not have a year-round secretary.

APPOINTMENTS

Please ring the doorbell before entering, someone will show you in. Try to be on time or 5 to 10 minutes early. If you are to be more than 10 minutes late, a quick phone call would be appreciated. To reduce communication errors our secretary has been asked to repeat the appointment time, day of the week and date. To help facilitate clear and concise appointments, we suggest that you jot down your appointment. Please refer to the section immediately to the right of the photo on the front of this newsletter. We do not make reminder calls. If children need to accompany you we have TV, videos, books/magazines in the waiting room. On our morning appointments, please tell us if you would care for coffee and we'll have it hot.

DROP-OFFS

Returns dropped off are WELCOME. We ask that you include a daytime, evening and/or cell phone number(s). Tell us the best time to call you and please sign Form 8879.

TELEPHONE

Our secretary will be here from 8:30 am to 5:00 pm Monday through Friday starting the last week of January. We would prefer that she make the appointments during those hours. To utilize her even more we ask that as many phone calls, return drop-offs and return pick-ups as possible occur during those hours. As in the past, advance appointments (November, December and January) will be taken by either Dedra or myself. If you have a simple question our secretary will jot it down, get with us, then one of us will call you back as soon as possible. Limited tax planning can be done during your income tax appointment. In depth tax planning will need to be done from May through December. We simply can no longer try to do this over the phone. IF REQUESTED WE CAN SEND YOU A PERSONAL TAX ORGANIZER BASED ON LAST YEARS TAX INFORMATION. You can see at a glance all your data from last years return. If you're interested just call to get this personal organizer prior to filing your taxes.

Please refer to insert page 4 for our policy regarding privacy and the faxing of income tax returns.

PRIVACY NOTICES

The Gramm-Leach Bliley Act and the Federal Trade Commission (F.T.C.) are restricting the disclosure of personal financial information by us and those in our employ. Because we produce a "financial product or service" Uncle Sam is mandating that we supply you with a notice of our privacy policy. Please refer to our new website for additional privacy information.

www.lindenbuschtaxservice.com

Lindenbusch Accounting and Tax Service, Inc. has never and will never sell or give away in part or in total our clients tax returns, information, client lists, or addresses. Your confidence in us is important and we want you to know that your personal and account information is safe. If you have any questions or concerns, please contact us.

In fact we're not that crazy about faxing returns even with the consent of the client. That return can be viewed by anyone on the other end. We furnish a copy of your tax return at the time it is prepared. If you think that you will need an extra copy please inform us at that time and we'll throw another copy in for no extra charge. If at a later date you need us to make a copy to either mail, pick up or fax a fee of $15.00 per return will be charged. I really want to discourage faxing tax returns for obvious privacy reasons. Please keep the CLIENT FILE COPY of your return that we make for you. That copy has your W-2's and other source documents attached.

How long should you keep your records? I'd keep for 5 years documents such as receipts, statements, check registers and computer hard copy. Your actual tax return I'd keep forever, it has a copy of your W-2's/1099's and often your working papers. 50 years of tax returns only take up 2 cubic feet. Any asset that you currently own, if upon sale or liquidation would create a taxable event, you need to keep the documents that show your cost basis for that asset. Depreciation schedules would fall into this category.

RESULTS OF MATCHING CHARITABLE DONATION

In April 2007 you and I raised **$6,105.** In May 2009 you and I raised **$3,634** Those charitable donations made by you and matched by Lindenbusch Accounting & Tax Service, Inc. were forwarded to St. Jude Children's Research Hospital AND St. Martins Catholic Education Foundation. On May 22, 2010 you and I raised **$4116**. With my wife's support I bicycled the 140 mile journey from the Rocheport tunnel to St. Charles in four minutes shy of 16 hours. Starting in Howard County, I rode across Boone, Callaway, Montgomery and Warren counties. I finished a little after dark at the eastern end of St. Charles County. I thank all those who supported me especially my wife, kids and in-laws.

If you have a conceal and carry permit, you and your firearm ARE welcome in our office. This castle (your tax info) is protected by the 2nd amendment and my willingness to exercise that right.

FORM 8879 DEFINITIONS

e-file – Electronic Filing. The federal government and almost all states now accept this paperless method of computerized filing of Income Tax Returns. In the future the IRS will strongly urge taxpayers to use this method. This method reduces refund time by half.

D.C.N. – Declaration Control Number. This is a number issued by the software company. **Please leave this line blank.**

E.R.O. – Electronic Return Originator. This is Lindenbusch Accounting & Tax Service, Inc., more specifically Dedra Lindenbusch.

P.I.N. – Personal Identification Number. This number (directly to the right of ERO firm name) is a five digit number issued by the software company. This number is a 1 and the last four digits of your social security number. This number along with your social security number is your electronic signature.

E.F.I.N. – ERO's Federal Identification Number. This is Dedra's six digit number issued by the IRS. **Please leave this line blank**.

FORM 8879 INSTRUCTIONS

http://www.irs.gov/pub/irs-pdf/f8879.pdf

TOP OF PAGE:

Taxpayer's Name legibly print your name and social security number where hi-lited.
Spouse's Name legibly print your name and social security number where hi-lited.

PART I

Leave blank.

PART II

Sign and date hi-lited areas.

PART III

Leave blank.

THIS SHEET MUST BE SIGNED BEFORE WE CAN E-FILE!