

X-Mailer: QUALCOMM Windows Eudora Version 7.1.0.9
Date: Fri, 11 May 2007 15:13:21 -0600
To: dkaufmann@kaufmann-cpa.com
From: Dave Kaufmann <dkaufmann@kaufmann-cpa.com>
Subject: Tax & Finance Newsletter - Iraq Funding Bill & Taxes
X-Spam: [F=0.1129489664; heur=0.920(4500); stat=0.010; spamtraq-heur=0.519(2007022501)]
X-MAIL-FROM: <dkaufmann@kaufmann-cpa.com>
X-SOURCE-IP: [63.231.195.116]
X-SF-Loop: 1

IRAQ FUNDING BILL & TAXES

Congress has thrown lots of non-defense items into this bill. In this recently vetoed bill was a provision to raise the age limit for the "Kiddie Tax" from under 18 years old (two years ago it was under 14 years old) to under 19 years old (under 24 years old if a student). What this means is that children under 19 (students 24) years old will be taxed at their parents tax rate. This is real nasty if you are saving for your child's education in a traditional bank, broker or mutual fund account. You are welcome to call me about this, if this "hits home".

When the age limit was under 14, a common strategy was to invest in "growth" stocks that paid minimal dividends and sell the stocks or mutual funds when the child was over 14 and in a lower tax bracket. This proposed bill will harm those that followed this strategy.

This provision is expected to be in the bill that the President will eventually sign.

Let me know if you have any questions about this.

Dave

TO BE REMOVED FROM OUR E-MAIL LIST: To be removed from the list, please send us a blank message with REMOVE as the subject. If you do so, we will delete your email address from our records. Make sure that you use the same email address in your remove request that we used to contact you with. If your address is removed, remember, we will no longer be able to notify you about product problems, free updates and other product information.

David M. Kaufmann, C.P.A.
7200 S. Alton Way, Suite B195
Centennial, CO 80112
Voice: 720-493-4804 Fax: 303-796-7768
<http://www.kaufmann-cpa.com>

Circular 230 Disclosure:

To ensure compliance with requirements imposed by the IRS, we inform you that (i) any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.