

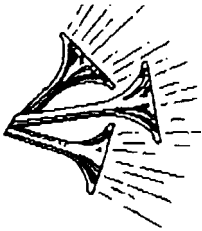


The Update

VOLUME 18 NUMBER 1

Winter 2008

Sannerud, Savarese & Associates, P.A. – “Certified Public Accountants”
1207 Constance Blvd. N.E. • Ham Lake, MN 55304 • (763) 434-5929 FAX (763) 434-8833



FROM SUE'S DESK

The Minnesota Legislators did not adopt the federal changes to the Internal Revenue Code enacted after May 28, 2006. So what does this mean for Minnesota taxpayers?

Since the MN return is based on the federal return, taxpayers who get some federal deductions may not receive the same benefit on their state return. Items that will require a “recomputed 1040” include: Tuition and fees deduction, tax free charitable donations from an IRA and Educator expense deductions. These adjustments may change the taxpayer’s Adjusted Gross Income which can limit medical deductions, student loan interest deductions, and increase the taxability of social security benefits.

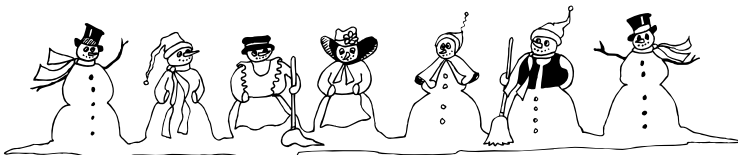
The state didn’t need to raise rates to increase taxes, they just eliminated deductions!

Wishing you and your family a Merry Christmas!

TAX APPOINTMENTS FOR 2008

Watch for your tax organizers to be coming in the mail this January. The organizers will have your tax appointment written on the back page. If the appointment time does not work for your schedule, please call us as soon as possible to make a new appointment. If you do not have an appointment listed or do not receive an organizer, please call our office at 764-434-5929 and we will schedule an appointment for you.

Also, please remember to bring all supporting documents to your tax appointment! The organizer is meant to help you prepare for your appointment. The more organized you are the less time we spend compiling and organizing for you, which saves you money. As you go through answering questions in the organizer, create a folder with all supporting documentation to bring with you to your tax appointment. We look forward to seeing all of you this tax season.



Your Refund May Be Delayed!

Several decades ago, a law was passed to ensure that wealthy individuals, who could claim many itemized deductions and tax-sheltered transactions, paid at least some minimum tax each year. It was called the *Alternative Minimum Tax (AMT)*. This tax was not indexed to inflation, so now it is about to affect 25 million unsuspecting middle-class taxpayers with unintended higher taxes as a result. Another 25 million taxpayers will face higher taxes because several credits, such as the child tax credit and ten other such credits expire at the end of 2007.

For years Congress has been aware of this problem and has passed an annual *patch* in the law to extend the credits so that unintended taxpayers would not be affected by AMT. The number of potential taxpayers falling victim to AMT has grown so dramatically that a more complex *fix* is required this year. Unfortunately, Congress can’t agree on how to remedy this situation, so it appears that it could be late this year or early in 2008 before this happens. This will cause a delay in tax return processing. It will take the IRS up to ten weeks to prepare its system for a fix, making it potentially unable to accept individual returns until mid-February or early March 2008. The IRS will not accept returns until their system is accurately updated.

This news may come as a disappointment to you, especially if you are expecting a refund.

IN THIS ISSUE:

| | |
|---|--------|
| What’s New | Page 2 |
| College Student Facts | Page 3 |
| What’s Cooking | Page 4 |
| 5 New Year’s Resolutions | Page 5 |
| Employer Payroll Requirements | Page 6 |
| Immigration | Page 6 |
| Sales Tax - Local Tax Due | Page 7 |
| Small Exempt Organizations Filing | Page 7 |
| Introducing | Page 8 |

What's New!

Kiddie Tax

The kiddie tax will affect a lot more children in 2008. Kids under age 19 in 2008 will be hit, as will full-time students under age 24 if their earned income is less than half their support. Under current law, a child's unearned income over \$1,700, including gains, is taxed at the parents' marginal rate until the year the child is 18. This is bad news for families planning to give appreciated assets to kids to sell in 2008. Very little of the gain is likely to qualify for the 0% rate unless the parents are in the 10% or 15% tax bracket. Parents above the 15% bracket with kids who are out of the kiddie tax now but who will be hit by it next year should consider giving assets to them to sell in 2007. That way, the gains will be taxed at 5% instead of 15%.



2008 Mileage Rates

| | |
|------------------------|----------------|
| Business Travel | 50½ cents/mile |
| Charitable Mileage | 14 cents/mile |
| Medical/Moving Mileage | 19 cents/mile |

Reverse Mortgages

A reverse mortgage is used to convert home equity into cash. Payments can take the form of a line of credit, a lump sum, monthly payments for a specified number of years, or payments over the life of the borrower. Because the borrower is drawing from the principal, the amount received is tax free and will not affect Social Security benefits. To qualify, all borrowers in the household must be at least age 62 and the home must be totally, or nearly, paid off.

When a reverse mortgage comes due, the lender recovers the amount owed from the borrower (or the heirs). If the amount owed is greater than the market value of the home, FHA insurance makes up the difference.

Mortgage interest deduction. Mortgage interest is added to the loan balance over the term of the loan, but is not deducted under the personal residence interest rules until the loan is repaid.



Gambling Income

The gaming industry continues to expand and more taxpayers are (or SHOULD BE) reporting gambling winnings and related gambling losses. All gaming/gambling winnings are taxable income, even if the taxpayer does not receive a W2-G. Gambling winnings for recreational players are reported as miscellaneous income – NOT subject to self-employment tax. Substantiated gambling losses to the extent of winnings are deductible as a miscellaneous deduction, but NOT subject to the 2% of AGI rule and are fully allowed for AMT. *The State of Minnesota does not allow a deduction for losses because of its AMT.*

Charity Information

Charitable Contributions

In 2008, taxpayers are required to have receipts for all contributions including incidental cash contributions and non cash contributions.

For cash contributions, taxpayers must have a statement from the charity showing the name of the charity, the date of the contribution and the amount given; alternatively, a taxpayer can have a bank record of the contribution. **There is NO dollar threshold for this recordkeeping requirement.**

For non-cash contributions, deductions may not be taken for donations of used clothing and household items that are not in "good used condition or better." This only applies to used clothing and household items. Art, collectibles, and other nonhousehold items are not subject to this rule.

Required Minimum Distribution

Individuals age 70½ and up, who must take a required minimum distribution from their IRA, can make a direct payout to a charity, if they don't need the money. Since the withdrawal won't be taxed to you, you won't have extra income and the payout won't trigger more taxes on Social Security benefits. You won't run afoul of rules on direct transfers if you deliver a check from your IRA made payable to the charity. You and your spouse can give up to \$100,000 each from your IRAs. The donation isn't deductible. This break is set to lapse after 2007 if Congress doesn't extend it.

Also, make sure that you withdraw enough from your accounts. Otherwise, you will have to pay IRS a penalty equal to 50% of any shortfall.

Credit Card Rebates

The IRS has ruled that cardholders can get a charitable deduction if they elect to have the credit card company give the rebates they have earned on their purchases to charity. The rebates are not taxable income whether given to charity or kept by the cardholder.

Security is mostly a superstition. Avoiding danger is no safer in the long run than outright exposure. Life is either a daring adventure or nothing.

Helen Keller - blind author



College Student Facts

If you have a child in college this year, discuss with them ahead of time who will be claiming the student on their tax return.

Hope Credit and Lifetime Learning Credit – these credits are only available on the tax return that claims the college student as a dependent. If the college student meets the criteria of a

qualifying child, the parents must claim the student as a dependent. Therefore, the parents would also claim the tuition credit. A qualifying child must pass these tests:

- relationship - child, adopted child, grandchild, brother, sister, stepbrother, stepsister, or descendent of any such relative
- residency – child must live in the same principal place as the taxpayer for more than one-half of the tax year
- support – child cannot have provided more than one half of his or her own support
- age – child must be under 19 at the end of the year, or under age 24 in the case of a full-time student, or is permanently and totally disabled.

Student Loan Interest Deduction – only the individual who is legally required to make interest payments under the loan term may claim the deduction. The deduction is not allowed to an individual who is properly claimed as a dependent on another's return for that year.

Early birds grab the financial aid. College costs have risen 7% per year in the last five years compared to inflation at 2.8% per year. The average annual four year public college tuition and fees is \$5,836. With room, board, books, supplies, transportation and miscellaneous costs added in, the annual cost is \$16,357 – including \$6,960 for room and board, \$942 for books and supplies, \$880 for transportation, and \$1739 miscellaneous.

Only 15% of college students graduate in four years or less. 43% do not finish in five years.

Over a lifetime, the earnings gap between a high school diploma and a college degree can be more than \$1,000,000.

In and Out of Conflict

“Not everything that is faced can be changed, but nothing can be changed until it is faced.”

–James Baldwin

BUSINESS OR HOBBY?

In order to educate taxpayers regarding their filing obligations, the IRS has published a fact sheet explaining the rules for determining if an activity qualifies as a business or hobby. The fact sheet also describes what limitations apply if the activity is not a business. The IRS estimates incorrect deduction of hobby expenses account for up to \$30 billion per year in unpaid taxes.

Generally, an activity qualifies as a business if it is carried on with the reasonable expectation of earning a profit. In order to make this determination, taxpayers should consider the following factors:

- ✓ Does the time and effort put into the activity indicate an intention to make a profit?
- ✓ Does the taxpayer depend on income from the activity?
- ✓ If there are losses, are they due to circumstances beyond the taxpayer's control or did they occur in the start-up phase of the business?
- ✓ Has the taxpayer changed methods of operation to improve profitability?
- ✓ Does the activity make a profit in some years?
- ✓ Can the taxpayer expect to make a profit in the future from the appreciation of assets used in the activity?

If an activity is not for profit (considered a hobby), losses from that activity may not be used to offset other income. However, taxpayers may deduct ordinary and necessary expenses for conducting a trade or business.

The IRS presumes an activity is carried on for profit if it makes a profit during at least three of the last five tax years, including the current year; at least two of the last seven years for activities that consist primarily of breeding, showing, training or racing horses.

Retirement Earnings Test

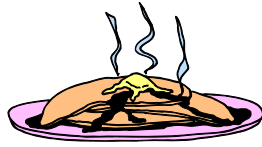
You should know the limits of what you can earn if you reach retirement age during 2007 or 2008. An “earnings test” can determine Social Security payment amounts. Earnings limits are in effect for age 62 to full retirement age.

| Retirement Earnings | 2007 | 2008 |
|--|--|--|
| Year individual reaches full retirement age and only for those months which an individual is not actually at full retirement age for a full month. | \$34,440 per year \$2,870 per month | \$36,120 per year \$3,010 per month |
| For any year in which an individual does not attain full retirement, but is at least 62 | \$12,960 per year \$1,080 per month | \$13,560 per year \$1,130 per month |

What's Cooking?

Festive Apple French Toast

- 1 cup packed brown sugar
- 1/2 cup butter
- 1 Tbsp. light corn syrup
- 2 large tart apples, peeled & sliced 1/4" thick
- 3 eggs
- 1 cup milk
- 1 tsp. vanilla
- 9-12 slices of day-old french bread, cut 3/4" thick



In small saucepan, cook brown sugar, butter and corn syrup until thick, about 5-7 minutes. Immediately pour into greased 9x13 pan. Mixture hardens quickly. Arrange sliced apples on top of mixture. Beat eggs, milk and vanilla together. Add a little white sugar to mixture. Dip bread slices into egg mixture for one minute.

TIP: Place bread slices into a separate 9x13 pan and pour egg mixture over bread slices. Turn bread slices over to absorb egg mixture on both sides. Arrange bread slices over apples. Sprinkle generously with cinnamon. Cover and refrigerate overnight. Remove pan from refrigerator 30 minutes before baking. Bake uncovered 35-45 minutes at 325 degrees.

Syrup Recipe

- 1/2 cup maple or other pancake syrup
 - 1/2 tsp. cinnamon
 - 1/8 tsp. ground cloves
- In medium size saucepan, cook and stir until hot. Serve with french toast.

Residential heating fuels

Natural gas or electricity sold for residential use is not taxable for the billing months of November, December, January, February, March and April when sold to metered customers who use it as their primary source of residential heat. If more than one type of heat is used, natural gas or electricity is not taxable if it is the primary source of heat. Primary source of residential heat is the source that supplies more heat than any other source for the largest period of time during the heating season. If the primary source of residential heat is either natural gas or electricity, and there is only one meter for that utility, then all gas or electricity measured through that meter is not taxable during the winter heating months.

If a customer is on a *budget plan* with the utility that supplies the primary heating fuel, monthly payments will not change during the heating season. Sales tax is based on when the actual consumption takes place, not when the customer pays the utility. The utility company knows that tax is not charged during the heating season when determining the amount of the monthly budget payment.

All fuel, oil, coal, wood, steam, hot water, propane gas and LP gas delivered to a residence is assumed to be for residential use and is not taxable on a year-round basis. These fuels are taxable when delivered to a non-residence. Heating fuels picked up by a customer are taxable unless the customer gives a written statement that the fuel is for residential heating.

Firewood for recreational or commercial use is taxable. Examples include firewood used for camping, picnics, heating commercial buildings, or cooking at restaurants. **Artificial fireplace logs** are taxable. **Fuel** used to heat **fish houses** is taxable.

Commercial and residential use

Some buildings have both residential quarters and commercial operations. If there is one meter for the entire building for electricity, natural gas or water, square footage is used to determine if the residential exemption applies:

- The residential exemption applies if more than 50 percent of the square footage of the building is residential.
- The utilities are taxable if 50 percent or more of the square footage of the building is used for commercial operations.

Water and sewer

Water for residential use is not taxable. Water for non-residential use is taxable. Charges for sewer services are never taxable.

Residential Utilities

Sales of electricity, gas, water or steam in Minnesota are normally subject to sales tax. However, there are exemptions for residential water and most residential heating fuels.

Residential Customers

Residential customers, for the purpose of heating fuels and residential water exemptions, include:

- apartments
- condominiums
- correctional facilities
- duplexes
- fraternity or sorority houses
- garages-residential (attached or unattached)
- intermediate care facilities
- lake cabins
- mobile homes
- nursing homes
- rooming houses
- single family homes
- town houses

Utilities supplied for residential heating **during construction** of a residence are not taxable. Residential use does not include use in travel trailers, motor homes or other recreational vehicles.

The Finest things

The finest things in life are those we never sell nor buy – a bursting bud, a bird that sings, a glowing western sky, a friend to love.

These are indeed well worth their weight in gold: and may you know the gladness such things forever hold.

NEW YEAR'S RESOLUTIONS

5 New Year's Resolutions You SHOULD Be Making

1. Get Fit!

It's no secret that we're an overweight society. More Americans than not need to lose a good 10 pounds, or maybe even more, to get down to a healthy weight. And it's not just about looks – it's about your health. 30-60 minutes of exercise every day will really do your heart some good, as well as your waistline, not to mention helping you to have a better outlook on life as a whole.

2. Stop Smoking

This one is pretty self-explanatory, but just in case you're not sure why you should stop smoking, here are bunch of good reasons. Smoking: kills, makes it difficult to breath; may cause depression; is a bad influence on your family; causes pregnancy complications; is linked to infertility in both men and women; causes wrinkles, gray pallor, and discolored teeth and fingers; makes your hair, clothes, car, home and everything else smell bad and, finally, it's expensive!

3. Expand Your Horizons

What better way is there to seek progress in your life than being open to new experiences? There are countless ways that you can expand your horizons and feed your need for self-improvement.

Try reading a book – you'll expand your knowledge with nonfiction books, or read about new and interesting fictitious adventures, or grab a "how-to" book if you like to get more active with your learning.

You can also try taking a course at your local college or community center, whether it be a cooking class, painting or ceramics course, or even joining a yoga or other type of sport class.

Think creatively about how and where you can learn a new skill and you will enjoy discovering a whole new side of yourself you never knew existed!

4. Pay It Forward

A surprising way to continue with all this self-help is to help someone else. You can work more miracles in your own life, simply by helping someone else. And there are plenty of people in need.

What if you don't have the time or resources to spare? Don't worry about it – you can make this as easy and unobtrusive as you like.

Make a new resolution to simply smile at a stranger at least once every day. A smile can go a long ways, passing from person to person and warming the hearts and souls of potentially millions of people.

But if you do want to do more, and really see the difference you're making, go for the gusto.

Volunteer at your local shelter or soup kitchen. Buy a bagged lunch and hand it out to a homeless person. Go through all those old clothes, shoes, coats, hats and scarves in your closet and bag them up for your local Goodwill or Salvation Army. The smallest of efforts really add up. If you have the time, patience and desire to do more, sign up to become a Big Sister or Big Brother. You can make a world of difference in a child's life, which is an investment in everyone's future.

5. Laugh More

It really is the best medicine! Finding the good in life means knowing when you need a good laugh. It's also a great way to build self confidence, as you can laugh at your own mistakes and not feel so bad about your failures. Being happy in life, by using the power of positive thinking and getting in a good giggle now and then, is not hard to do. It's simply a choice you make for yourself, no matter what your circumstance, and it could be the saving grace you really need. And, when you get good at it, share your laughter with someone else – you could really make their day.

Complete Payroll Services

Sannerud, Savarese & Associates, PA.'s full payroll service includes:

- Payroll Processing
- Direct deposit available
- Electronic deposit of all payroll taxes
- Preparation of all payroll reports & filing electronically as required
- Preparation of yearend payroll reports and required forms including Form 940, W-2's, W-3, 1099's and 1096
- Providing copies for corporate files
- Reporting new hires to the state

Sannerud, Savarese & Associates, PA. can take the worry out of payroll for you by:

Applying for payroll related identification numbers
(Federal, State, and State UC)
Providing you with W-4s and I-9s.

Accurate – Cost Effective – Timely

*“Let us help you use your time
to do what you do best!”*

**Contact our office for details and a quote:
763-434-5929**

Employer Payroll Requirements:

1. Form W-2 - Must be provided to each employee no later than January 31. Failure to provide an accurate, timely prepared W-2 can result in a penalty of \$50 per form.
2. Form 1099 – Must be issued to each unincorporated entity to whom you pay –
 - a. compensation as a sub-contractor or independent contractor,
 - b. rent
 - c. legal fees
 - d. interestFailure to file on-time, failure to supply all information, or to supply incorrect information may result in 1099 penalties.
3. Form 8027 – Federal regulations require that employees report all income including tip income on their individual tax returns. Regulations require **employers** to maintain a record of the tips received by each employee. You must maintain Form 4070 (Monthly Report of Tip Income) for each employee and for each month of the year and maintain a copy of the Reporting Agreement for Tipped Employees. This must be updated annually to insure that 75% or more of all employees agree upon an allocation method for imputing tip income.
4. Immigration and Naturalization Form (I-9) – Any employee hired after November 17, 1986 must prove to an employer that he or she is eligible to hold a job within the United States. An employer's failure to obtain and document such proof at the beginning of employment can result in a fine of \$100 or more per form. The I-9 requirements also apply to owner/employees of partnerships and corporations. If you are an owner/employee of a corporation established after 11/1/86, an I-9 must be on file for you also. There is no exception for an owner. Employers should re-examine their files to insure that a Form I-9 is on file, contains the appropriate documentation and has been signed by a responsible official.
5. OSHA requires that employers in certain industries post OSHA Form 200 in a conspicuous place to evidence that:
 - a. there was no lost work time due to a work related accident or illness; or,
 - b. if there was such lost time, what the employer has done to correct the situation. Failure to post OSHA Form 200 may lead to fines of up to \$7000.
6. Workers Compensation – Be sure that you have workers compensation insurance in force.
7. Employee Posters – *Federal and state employment laws must be posted in a conspicuous place at all times.* These posters are free of charge through the Minnesota Department of Labor at www.doli.state.mn.us/posters.html

The difference between politics and baseball is that in baseball, when you get caught stealing, you're out.

IMMIGRATION

The Department of Homeland Security (DHS) issued a regulation on August 10, 2007 that was designed to make it harder for illegal immigrants to use phony Social Security numbers to get a job. The new rule, which was to go into effect in September, outlines what employers should do if the Social Security Administration notifies them that an employee's name and Social Security number does not match government records.

Under new rules:

1. Employers who are notified that an employee's name and Social Security number do not match government records will have 90 days to resolve the discrepancy. If they can't, they must fire the employee or risk legal liability.
2. All companies who receive new federal contracts must verify the employment eligibility of their work force through a computer-based system.
3. Civil fines for knowingly hiring illegal immigrants will be increased by 25 percent.

A federal judge has put the brakes on the Department of Homeland Security's new rules on "no match" letters, but it doesn't mean that employers can relax. The feds are still determined to use employers as a weapon in the battle against illegal immigration. The DHS is committed to use every tool available to enforce immigration laws. They recently announced they will be tweaking the I-9 process in the coming months. Among the changes:

1. New limitations on the types of acceptable documentation. Trimming the number will mean employers will have to get tougher with applicants over what they use to prove eligibility.
2. Increased penalties for faulty I-9s. The government plans to hike penalties by 25% - the maximum increase allowed by law.
3. Additional enforcement. DHS officials say they are going to step up pressure on companies that hire illegals. Raids have taken place in New York and California where 1300 illegal aliens have been arrested. Employers are then asked show the I-9 forms for those arrested.

All Employers should check to see that they have an I-9 on file for each employee.

"Yesterday is a cancelled check and tomorrow is a promissory note. Only today is cash at hand to spend meaningfully."

Do you need to appeal your Minnesota Unemployment Insurance rate? Effective October 1, 2007, the appeal must be filed within 20 days from the date the tax rate was sent. It used to be 30 days.

Electronic Filing Requirements for Small Exempt Organizations

Beginning in January 2008, small tax-exempt organizations may be required to electronically file Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ*. The new electronic filing requirement applies to organizations not required to file Forms 990 or 990EZ because their gross receipts are normally \$25,000 or less. These small tax-exempt organizations include youth athletic leagues, organizations that support the elderly, and other small charities.

Failure to file the 990-N for three consecutive years can result in having the organization's tax-exempt status revoked. This filing requirement does not apply to churches, their integrated auxiliaries and conventions or associations of churches.

Please call our office for additional information about filing this form.

IRS: No Taxable Income on Health Benefits if Retiree Does Not Receive Cash

According to a Private Letter Ruling (PLR) the IRS issued one company, retiree health benefits funded with unused sick and vacation time aren't taxable income – provided the recipient doesn't receive cash.

Funds went into trust

The employer requesting the ruling offered a retiree healthcare policy for managers meeting certain eligibility requirements. When the employee retired, the employer moved accumulated sick and vacation leave to a trust. The trust then paid the healthcare premiums for policies on employees and their spouses and/or dependents. If the employee died before retirement, trust amounts covered:

- health coverage for the person's family or
- un-reimbursed medical expenses if there wasn't a surviving spouse and /or dependent(s).

The employee forfeited any benefits not used for these purposes – and receiving cash was never an option.

What the law says

Employee's gross income doesn't include employer contributions to an accident or health plan for employees and their spouses and/or dependents. (Internal Revenue Code Sec. 1.106-1.) The employer may contribute by paying the policy premium or by contributing to a separate trust providing accident or health benefits (directly or through insurance). However, if the trust provides other benefits (like cash) in addition to the accident or health, only the portion of the contributions allocable to the health benefits are tax-free.

Bottom line: This employer didn't have to treat the contributed amounts as taxable income. If you are close to retirement, please check with your employer to see if this option is available for you. Info: www.irs.gov/pub/irs-wd/0709007.pdf

Rental Real Estate

If you rent a portion of your principal residence during the year, the rental income and expenses treatment depends on how many days the space was rented. If you rented the space for less than 15 days during the year, no rental income or rental expenses are reported. If you rent the space for 15 days or more per year, all rental income is reportable. Your expenses will include depreciation, interest, and taxes on the rental space, and any other expenses totally attributable to that rental space. The rental space will be reported on Schedule E and treated as if a separate property.

If you have a second home that is rented out during the year, the tax treatment again depends on how many days the space was rented. A second home or "dwelling unit" as the IRS calls it could be a house, apartment, condominium, vacation home, mobile home, boat, or similar property. The "dwelling unit" must have three basic components – sleeping, cooking, and toilet facilities.

If your second home was rented less than 15 days per year, there are no rental income or rental expenses reported. The property taxes and mortgage interest are deductible just as on your principal residence.

If your second home was rented 15 days or more per year, you also need to evaluate your personal use of the space. If your personal use exceeds the greater of 14 days per year or 10% of the days rented, all rental income is reportable. The fully deductible rental expenses will include mortgage interest, property taxes, and rental expense that are not attributable to operating or maintaining the space; such as advertising, agent fees, etc. Additional expenses that are deductible only to the extent of income include insurance, repairs, utilities, other operating expenses, and depreciation.

Sales Tax Audits – Local Tax Due

Contractors have to differentiate what county the "job" is in and where the "materials" for the job were purchased. Building materials and other items that are incorporated into real property are subject to Minnesota sales or use tax at the time of purchase. Generally, you pay sales tax at the time you buy materials, supplies and equipment. However, if the vendor does not charge Minnesota sales tax, you owe use tax on the purchase price. If the materials are used in a construction project located in an area where there is a local tax, you must also report and pay any local use tax.

For example, if you buy materials in Anoka County (no local tax) for a project in Minneapolis, you must pay Minneapolis tax (.50%) and Hennepin County tax (.15%).

If you are required to pay sales tax to another state for the materials, you are eligible for credit against the Minnesota use tax. The percent of use tax due is the difference between the Minnesota rate (6.5%) and the rate of sales tax paid to the other state.

To pay sales and use tax, register with the Minnesota Department of Revenue. After you register, you must electronically file sales and use tax returns-either monthly, quarterly or annually, depending on how your account is set up.

Minnesota Revenue has Fact Sheets available which outline the rules for Contractors. Give our office a call for more information.

Introducing.....

The new voice you hear answering the phone when you call our office belongs to Tracy Slepica. We welcome her to Sannerud Savarese & Associates.

Tracy and her husband, Brett, live in Isanti with their two children, Emmy, 10 and Kaden, 7.

Tracy grew up in the New Hope area and she and Brett lived in East Bethel before moving to Isanti. Tracy has been a receptionist/secretary for the past 12 years. She also helps her husband with his construction business and enjoys working with interior design.

In their spare time, Tracy and Brett like to snowmobile and spend as much time as possible at the cabin on Bay Lake in Deerwood, MN with their children.

We look forward to working with Tracy and know that our clients will enjoy having Tracy greet them when they come in.

Tax Season Office Hours

| | |
|---------------------------|-----------------------|
| Monday, Tuesday, Thursday | 8:00 AM to 8:00 PM |
| Wednesday & Friday | 8:00 AM to 4:30 PM |
| Saturday | 8:00 AM to 12:00 Noon |

E-Mail: staff@sannerudsavarese.com

Web Site: <http://www.sannerudsavarese.com>

The Update is published for our clients and friends. It is designed to provide accurate information with respect to the subject covered. Before any action is taken based upon this information, it is essential that competent, individual, professional advice be obtained.

The Update

Sannerud, Savarese & Associates, P.A.
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* Education *

The staff has or will be attending the following classes:

Sue: U of M 65th Annual Income Tax Short Course
RaeAnn: 53rd Annual MNCPA Tax Conference
Paulette: NATP 2007 1040 & 1040 Estate Workshop
Robin, Ruth & Eric: MAPA 2007 GearUP 1040 Tax Seminar

* Upcoming Community Education Classes *

Taught by Sue Savarese, CPA

Class: Small Business Recordkeeping

Date: January 22, 2008

Location: Staff Development Center, Anoka, MN

For information about the class or to register,
call 763-506-5766

* Staff *

A.M. Sannerud, Founder Certified Public Accountant (Inactive)
Susan E. Savarese, Managing Partner Certified Public Accountant
Rae-Ann Rothmeier Certified Public Accountant
Pauline Mittelstaedt Firm Administrator
Robin J. Schnaidt Senior Accountant
Paulette Hynes Enrolled Agent
Ruth Hunter Staff Accountant
Jody Newlander Accounting Clerk
Tracy Slepica Receptionist, "Update" Editor
Betty Sannerud Custodial Services
Mary Lou Michels Custodial Services