



# Horning's Accounting & Tax Service

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[www.horningsaccounting.com](http://www.horningsaccounting.com)

Greetings and Salutations,

Hello Everyone! I can hardly believe we are ringing in the new year already, but I am excited to do so. Why am I so joyful? It has a lot to do with the tax extension bill that finally got passed and signed. It is far from perfect, but it kept a lot of tax laws that would have stopped December 31<sup>st</sup> from going away. If this tax bill would not have been passed it would have hurt taxpayers of all tax brackets.

I predict this year's tax filings are going to come at a fast and furious rate. I already have a number of clients setting up appointments for January due to economic hardships. Unfortunately, the late passing of the tax extension bill has put IRS and software companies cramped for time to make their updates. This will probably delay our ability to process your returns until after January 15th. I ask you to take the time to make sure you have all your tax documentation together before you come in.

401k rollovers and conversions of CD deposits to Indexed Annuities has been very hot this year. Several products have 10% -20% bonuses and provide up to an 8% guaranteed interest earnings per year on a lifetime income rider for up to 20 years. I am afraid that many of these products will not last much longer and several have already announced reductions in their guaranteed earnings in January 2011. If you have an old IRA or 401k or even a CD you have set aside for an emergency or for the kids or grandkids these products are something you should be looking into. Call and set up an appointment to see me.

Our goal of being a more progressive and efficient firm is making great progress. We are really close to becoming paperless and can now offer those individuals who do not have a bank account and/or not able to pay for services, the ability to put their tax refund on a debit card minus the tax preparation fees. On another note, the IRS had made it mandatory that all tax filings be filed electronically. Of course there will be exceptions to this rule and will be determined by certain forms that can not be filed electronically.

Please take the time this year to go over the newsletter as you will find important information that might pertain to your situation. Along with all the good info inside the newsletter is also filled with brain teasers and new discounts for early filing. As a retired military veteran we have also added a new discount for veterans and we are still offering the standard 10% discount for each new referred client that gets their tax return prepared with our firm. Finally, please take advantage of the worksheets at the back of the newsletter to help you get everything organized.

We want to wish you a Happy and Safe Holiday Season and we look forward to seeing you again soon.

Sincerely,

David H. Horning

# 2010 Tax Planning & Tips

*The tax laws continue to provide opportunities for the wise and traps for the unwary. Often, tax savings can be achieved by taking action before the year-end. The information and strategies discussed herein may or may not be appropriate for your situation. Remember to consult with your tax professional before implementing them.*

## **Small Business Jobs Act of 2010**

**Increased Exclusion for Gain on Qualified Small Business Stock.** For “qualified small business stock” (QSBS) acquired after September 27, 2010, and before January 1, 2011, the Small Business Act provides that noncorporate taxpayers can exclude 100% of any gain realized on the sale or exchange of QSBS held for more than five years.

Generally, for gain on the sale or exchange of any QSBS to be excludible, the taxpayer must acquire the stock at original issue. In addition, the corporation's gross assets cannot exceed \$50 million, and the issuer must also meet certain active trade or business requirements.

In other words, the new provision allows for a narrow window of opportunity for “qualified” small businesses. Taxpayers who are thinking of starting a new business in corporate form next year would be well-advised to get the incorporation done and its stock issued before the end of 2010.

**Section 179.** Effective for tax years in 2010 and 2011, the dollar limitation for the Code Sec. 179 deduction is \$500,000, and the reduction in the dollar for dollar limitation starts to take effect when property placed in service exceeds \$2,000,000.

**Expansion of Section 179 to Real Property.** Effective for tax years in 2010 and 2011, the Small Business Act temporarily extends the definition of property qualifying for expensing under Code Sec. 179 to include qualified leasehold improvements, qualified restaurant property, and qualified retail improvement property. The maximum dollar amount with respect to real property that can be expensed is \$250,000.

For purposes of this provision, “qualified property” must be for use in a trade or business. So, residential rental property does not qualify for the new Section 179 deduction.

**Extension of Bonus Depreciation.** The Small Business Act has also extended the 50% bonus depreciation by one year by revising the Code Sec. 168(k) qualifying property purchased and placed in service in 2010. To qualify, the original use must commence with the taxpayer, so “used” property does not qualify.

**Note:** As is the case with all tax provisions, these rules are applicable for Federal purposes. Not all state follow Federal rules for state tax purposes.

**Health Insurance Costs are Deductible in Computing 2010 SE Tax.** For the 2010 tax year only, the income tax deduction allowed to self-employed individuals for the cost of health insurance for themselves, their spouses, dependents, and children who haven't attained age 27 as of the end of the tax year is also allowed in calculating net earnings from self-employment for purposes of the SE tax.

**Increased Deduction for Start-up Expenditures.** For tax years beginning in 2010, the Small Business Act would temporarily increase the amount of start-up expenditures that may be deducted to \$10,000.

### ***Health Care Reform***

Passage of the Health Care and Education Reconciliation Act of 2010 by Congress, followed by its signing by the President March 30, 2010; completed a massive overhaul of the nation's health insurance and health delivery systems. The Reconciliation Act amends the Patient Protection and Affordable Care Act of 2010, which the President signed on March 23, 2010. Together these two bills are referred to as the "Health Care Reform" of 2010. Although most of the provisions are not effective until future tax years, some of the new laws will be in-force for the 2010 tax year.

**Adoption Expense Credit – Now Refundable.** For tax years beginning after 2009, individuals are allowed a refundable credit of up to \$13,170 per eligible child. In general, the credit is based on the reasonable and necessary expenses related to a legal adoption, including adoption fees court costs, attorney's fees and travel expenses.

For taxpayers who adopt a special needs child, the \$13,170 credit is allowed regardless of actual expenses.

**Indoor Tanning Tax.** The health care reform package imposes an excise tax of 10% on qualified indoor tanning, effective for services provided on or after July 1, 2010.

If the tax imposed on indoor tanning services is not collected at the time payments for the tanning services are made, then the tax has to be paid by the person performing the services.

**Adult Child Coverage if under Age 27.** Effective on March 23, 2010, the general exclusion for reimbursements for medical care expenses under an employer-provided accident or health plan is extended to any child of an employee who hasn't attained the age of 27.

**Employer Health Plan Payouts for Medicine.** The definition of medical expense for purposes of employer-provided health coverage including HRAs, health FSAs, HSAs, and Archer MSAs, is conformed to the definition for purposes of the itemized deduction for medical expenses, except that a prescribed drug is determined without regard to whether it is available without a prescription.

Thus, under the provision, the cost of over-the-counter medicines can't be reimbursed with excludible income through a health FSA, HRA, HSA, or Archer MSA, unless the medicine is

prescribed by a doctor. The change does not affect insulin, even if purchased without a prescription, or other health care expenses such as medical devices, eye glasses, contact lenses, co-pays and deductibles.

The new rule applies only to purchases made after 2010, so claims for medicines purchased without a prescription in 2010 can still be reimbursed in 2011 if allowed by the employer's plan.

**Penalty Increase for Nonqualified Distributions from an HSA or MSA in 2011.** For disbursements made during tax years after 2010, the additional tax on distributions from a health savings account (HSA) that are not used for qualified medical expenses is increased from 10% to 20% of the disbursed amount, and the additional tax on distributions from an Archer medical savings account (Archer MSA) that are not used for qualified medical expenses is increased from 15% to 20% of the disbursed amount.

### ***Additional Information***

**New Basis Rules for Inherited Property.** For decedents dying before January 1, 2010, the basis of the property acquired from the decedent is the fair market value (FMV) of the property at the time of the decedent's death. This is sometimes referred to as the "step-up" or "step-down" basis rule.

However, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) repealed the estate tax and the generation-skipping transfer (GST) tax for estates of individuals dying in 2010.

Under the EGTRRA, however, the basis of property acquired from a decedent who died in 2010 is the lesser of the decedent's basis in the property, or the FMV at the time of the decedent's death.

However, EGTRRA allows an executor to increase the basis of the property acquired from a decedent who dies in 2010 by \$1.3 million (\$60,000 in the case of a nonresident decedent who is not a United States citizen).

Also, EGTRRA allows the executor to increase the basis of the property acquired from a decedent who dies in 2010 and that passes to the decedent's surviving spouse by an additional amount of \$3 million.

In no case will the above basis allocations of an asset be permitted to be adjusted above its FMV.

For tax planning purposes, if you are the beneficiary of a large estate, the allocations of the basis increase (if any) must be made by the executor of the estate. This could create a capital gains trap for some beneficiaries, if and when they sell the inherited property.

Finally, the repeal of the estate tax under the EGTRRA is scheduled to "sunset" after this year. In other words, the step-up (or down) rules return for property acquired from a decedent dying after 2010.

**IRA Deduction – Expanded.** You may be able to take an IRA deduction if you were covered by a retirement plan and your modified adjusted gross income (AGI) is less than \$66,000 (\$109,000 if married filing jointly or qualifying widow(er)). If your spouse was covered by a retirement plan, but you were not, you may be able to take an IRA deduction if your modified AGI is less than \$177,000.

**Roth IRA Conversions.** For 2010 and beyond, the \$100,000 modified adjusted gross income restriction on Roth IRA conversions will be eliminated because of a favorable provision in the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA). This change will eventually allow many more individuals to take advantage of Roth conversions. In addition, TIPRA provides that federal income taxes owed from a 2010 Roth conversion can be paid in two equal installments in 2011 and 2012. Alternatively, taxpayers may elect not to have the two-tax-year spread apply, and include all applicable taxes due with their 2010 return. For conversions after 2010, the conversion taxes owed cannot be stretched out.

**Residential Energy Credits - Reminder.** Most of the energy efficient improvements to your principal residence are scheduled to expire at the end of 2010. This means that all eligible property must be installed before January 1, 2011 to qualify for the tax credit.

Improvements eligible for the Code Sec. 25C credit (i.e., existing homes only) include insulation materials, exterior windows including skylights, exterior doors, central air conditioners, natural gas, propane or oil water heaters or furnaces, hot water boilers, electric heat pump water heaters, certain metal roofs and stoves, and advanced main air circulating fans.

The above credits are different from other energy credits for residential energy property for qualified solar property, small wind energy, geothermal heat and fuel cell property which is available until 2016.

**Consider Capital Gains and Losses.** Long-term investment gains (gain on investments held for more than one year) and qualified cash dividends continue to be taxed at favorable rates of 15% for all taxpayers; but for those in the 10% and 15% income tax brackets, a zero percent rate applies.

If you believe that the rates will increase next year, and you hold investments with both gains and losses, you could sell the appreciated investments in 2010, to include the income at low capital gains rates and later sell the depreciated investments in the following year, when the losses could offset ordinary income taxed at a higher rate.

**Standard Mileage Rate.** Taxpayers can use the standard mileage rate (in lieu of actual expenses) in computing the deductible costs of operating automobiles owned or leased by them (including vans, pickups or panel trucks) for business purposes. This rate is also used as a benchmark by the federal government and many businesses to reimburse their employees for business travel.

<b>MILEAGE RATES</b>			
	<u>2010</u>		<u>2011</u>
<b>Business</b>	<b>\$.50</b>	<b>Business</b>	<b>\$.51</b>
<b>Medical</b>	<b>.165</b>	<b>Medical</b>	<b>.19</b>
<b>Moving</b>	<b>.165</b>	<b>Moving</b>	<b>.19</b>
<b>Charitable</b>	<b>.14</b>	<b>Charitable</b>	<b>.14</b>

If you are an employee you may deduct an amount computed using the standard mileage rate only as an itemized deduction, subject to the 2% floor on miscellaneous itemized deductions.

### ***Changes from the 2009 Tax Year***

**Required Minimum Distributions for 2010.** RMDs must be made for calendar year 2010 from IRAs and employer-provided qualified retirement plans that are defined contribution plans. The temporary waiver of RMDs only applied to the 2009 tax year. So if you or a member of your family are over 70½ years of age, make sure that you compute the required distribution amount before December 31, 2010.

**2010 Unemployment Benefits.** The temporary exclusion of up to \$2,400 of unemployment compensation from a recipient's gross income only applied for 2009. In other words, all of the unemployment compensation received in 2010 is fully taxable.

**Personal Exemption and Itemized Deduction Phase-out Eliminated.** For 2010, taxpayers with adjusted gross income (AGI) above a certain amount will no longer lose a portion of their deduction for personal exemptions and itemized deductions.

**Estimated Tax Payments.** For 2009 only, some qualified individuals with at least half of gross income from a small business were allowed to base 2009 estimated payments on the lesser of (1) 90% of the tax shown on the return for the current tax year, or (2) 90% of the tax shown on the return for the prior tax year. This rule does not apply in 2010.

#### **Repayment of the First-time Homebuyer Credit.**

For homes purchased in 2008, the first-time homebuyer credit is similar to an interest-free loan and must be repaid in 15 equal installments beginning with the 2010 income tax year.

For homes purchased in 2009 or 2010, the first-time home buyer credit does not have to be repaid, unless the home ceases to be a principal residence within the first 36 months.

#### ***PRIVACY POLICY***

We do not disclose any non-public personal information about our clients or former clients to anyone, except as instructed to do so by such clients, or required by law. We restrict access to non-public personal information and we maintain physical, electronic, and procedural safeguards to guard your personal non-public information.



Have a Tax or Financial Question for David?  
Send him an e-mail:  
[david@horningsaccounting.com](mailto:david@horningsaccounting.com)

## Services Provided By Horning's Accounting & Tax Service

### Accounting Services

- **Computerized Bookkeeping Services**

Computerized full general ledger, general journal. Accounts payable, accounts receivable, financial statements, bank reconciliation and payroll.



- **Accounts payable and Accounts Receivable** Monthly check writing and billing process

- **QuickBooks Pro Advisors**

We can offer a discount on all QuickBooks products and have free trials that you can have to test out the product before purchasing it.

### Payroll Services

- **Payroll Processing**

Report your payroll hours to us and we will calculate your payroll amounts including employer and employee taxes and provide payroll checks and reports.

- **Payroll Tax Reporting**

Prepare A1WP (Withholding Tax), A1-QRT (Withholding Liability) A1R (Reconciliation), DES Quarterly reports; Prepare Form 940 and 941.

### Tax Related Services

- Tax Preparation (personal and business)
- Tax Consulting
- Audit Services
- Year Round Income Tax Services

***Thinking about starting a business?  
Let us help!***

***Free QuickBooks  
Simple Start Software***

***Just give us a call!***

### Corporate Services

- **Corporation Set-up**

Includes Preparation of Corporate Articles; Filing Fee; Corporate Binder with Corporate Seal; SS-4; Joint Tax Application and Sub S Election (if applicable)

- **Corporate Compliance**

State required annual registered agent services; Stock transfer ledger maintenance; Advance notification of all your annual reports; and preparation of annual corporate meeting minutes.

- **Medical Reimbursement Plan**

Allows qualified small business owners a 100% deduction of all family medical expenses such as vision, prescription drugs; co-pays and deductibles.

- **Set-up of Corporations & LLC's in any state** We now have the ability to set-up a corporation in any state.
- **Trademarks and Copyrights.** We also have the ability to register trademarks/logos with the US Patent & Trademark Office. In addition, we can help you protect your work with Copyright registration with the US Copyright Office.

### Mortgage Division

- As many of you are aware we also have a great mortgage division. We provide great loan products, available through many financial providers. Our experience can help you find the right loan for you! We also have access to Commercial Loans and Equipment Leasing Programs.

### Insurance & Retirement Division

- If any of you need assistance in the areas of Life Insurance, Disability Insurance, Annuities or other Retirement Products such as IRA or 401K please call us and set up an appointment with David to provide you with a complimentary Financial Analysis to see what your real needs are. Don't wait till you have an insurance agent sitting in front of you trying to sell you a policy.

### Other Services Provided

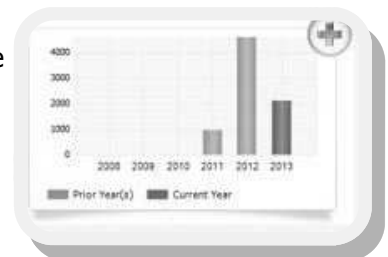
- Medical Insurance, Life Insurance
- Notary Public



## New & Improved Features for QuickBooks 2011

### See all your key customer information at a glance with Customer Snapshot.

Customer Snapshot gives you a consolidated view so you can assess at a glance your customer's purchase history, average days to pay, and outstanding balance and make timely decisions on customer requests. You can also identify your top customers by revenue and payment consistency and prioritize them accordingly.

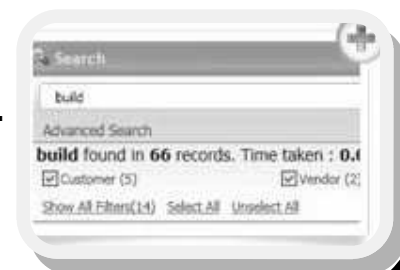


### Invoice multiple customers at once with batch invoicing.

Automatically create a full set of invoices for customers with the same service. Just create the invoice once and select the customers you want to send it to.

### Quickly locate any account, report or invoice with QuickBooks Search.

Your QuickBooks file is the repository records for your business, but finding the exact information you need is not always easy. With QuickBooks Search, all you need to do is enter the keyword and it will pull up the related reports, invoices, contacts and transaction details.



## Personal Information

If anything changed from prior year, check this box.

	Taxpayer	Spouse
First Name & Initial		
Last Name		
Social Security No		
Date of Birth		
Occupation		
Home Phone		
Work Phone		
Other Phone		
E-Mail Address		
Street Address		Apt No
City	State	Zip

## Dependents

Name	Relationship	Date of Birth	Social Security Number	you	Months		Gross Income
					Living with	Student Disabled	
					\		
					\		
					\		
					\		

Did you receive unemployment or Disability Income?	Yes	No
Did you purchase, sell or refinance any of your homes or take an equity loan?		
Did you convert a traditional/SEP/SIMPLE IRA to a Roth IRA?		
Can you be claimed as a dependant on another persons tax return?		
Did you foreclose, file bankruptcy, or have repossession procedures?		
Do you have any income from foreign country?		
Did you make any purchases from catalog or internet and not pay sales tax?		

Wages and Salary Income W-2's			Pensions, Annuities, IRA's, etc 1099-R		
Employer Name	Taxpayer	Spouse	1099-R Payer Name	Taxpayer	Spouse

Social Security/ Railroad Benefits SSA-1099		Interest Income 1099-INT			
	Taxpayer	Spouse	1099-INT Payer Name	Taxpayer	Spouse
Social Security Benefits					
Railroad Retirement Benefits					
Medicare B premiums paid					
Medicare D premiums paid					

<b>Partnership, Trust, Estate Income</b> K-1	<b>Property Sold</b> 1099-S		
	Property	Par Date	Basis

<b>Dividend Income</b> 1099-DIV				<b>Other Income</b>	
Form 1099-DIV Payer	Ordinary	Cap Gain	Tax Exempt	Alimony Received	_____
				Gambling/Lottery Winnings	_____
				Jury Duty	_____
				Disability Income	_____
				State Income Tax Refund	_____
				Other	_____
				Other	_____
				Other	_____

<b>Adjustments to Income</b>		<b>Estimated Tax Payments</b>		
Alimony Paid			Federal	State
Name _____	SSN _____	Prior Year - Jan 15		
IRA/SEP Cont Taxpayer	_____	1st Qtr - Apr 15		
IRA/SEP Cont Spouse	_____	2nd Qtr - Jun 15		
Student Loan Interest	_____	3rd Qtr - Sep 15		
Health Savings Account	_____	4th Qtr - Jan 15		
Other	_____	Total		

<b>Investments Sold</b> 1099-B and Confirmation slips				
	Date			
Investment	Acquired	Date Sold	Basis	Sale Price

<b>State Information</b>			
If rent paid:	Amount	No Months	W / Heat Y/N
	_____	_____	_____
	_____	_____	_____
<b>Health/Long Term Care Insurance</b>			
Amount Paid for health insurance - employer paid a portion			_____
Amount Paid for health insurance - employer did not contribute			_____
<b>Note: If health insurance premiums are deducted pre-tax, disregard.</b>			

## Itemized Deductions

**Medical Dental Expenses**

Medical Ins Prem (pd by you) \_\_\_\_\_  
 Long Term Care Insurance \_\_\_\_\_  
 Prescription Drugs \_\_\_\_\_  
 Glasses, Contacts \_\_\_\_\_  
 Hearing Aids, Batteries \_\_\_\_\_  
 Medical Equipment, Supplies \_\_\_\_\_  
 Hospital \_\_\_\_\_  
 Doctor, Dentist, Specialist \_\_\_\_\_  
 Medical Miles \_\_\_\_\_  
 Other \_\_\_\_\_

**Charitable Contributions (Receipts Required)**

Church Cash Contributions \_\_\_\_\_  
You must have receipts for cash contributions  
 Other Cash Contributions \_\_\_\_\_  
 Donated Goods \_\_\_\_\_  
Must have receipts from organization  
 Organization donated to \_\_\_\_\_  
 Address \_\_\_\_\_  
 Volunteer mileage \_\_\_\_\_

**Real Estate Taxes Paid**

Real Estate Taxes -Prim Residence \_\_\_\_\_  
 Other Real Estate Taxes \_\_\_\_\_  
 Personal Property Tax \_\_\_\_\_  
 Other \_\_\_\_\_

**Unreimbursed Miscellaneous Expenses**

Union/Professional Dues \_\_\_\_\_  
 Professional Subscriptions \_\_\_\_\_  
 Licenses \_\_\_\_\_  
 Tools, Safety Equipment \_\_\_\_\_  
 Uni forms \_\_\_\_\_  
 Sales Expenses \_\_\_\_\_  
 Tax Prep Fee \_\_\_\_\_  
 Safe Deposit Box \_\_\_\_\_  
 IRA Custodial Fees \_\_\_\_\_  
 Investment expenses \_\_\_\_\_  
 Job Search Expenses \_\_\_\_\_  
 Other \_\_\_\_\_  
 Other \_\_\_\_\_  
 Other \_\_\_\_\_

**Mortgage Interest Expense**

Mort Int Paid - 1099 \_\_\_\_\_  
 Interest pd to others - no 1099 \_\_\_\_\_  
 Paid to: Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Soc Sec No/EIN \_\_\_\_\_  
 Investment Interest \_\_\_\_\_

**Casualty Theft Loss**

Property damaged or lost by weather, accident, loss \_\_\_\_\_  
 Location of property \_\_\_\_\_  
 Description of property \_\_\_\_\_  
 Value before loss \_\_\_\_\_ Value after loss \_\_\_\_\_  
 Insurance Reimbursement \_\_\_\_\_ Replacement/Repair costs \_\_\_\_\_  
 Federal grants received \_\_\_\_\_ Date of Loss \_\_\_\_\_

**Day Care Expenses**

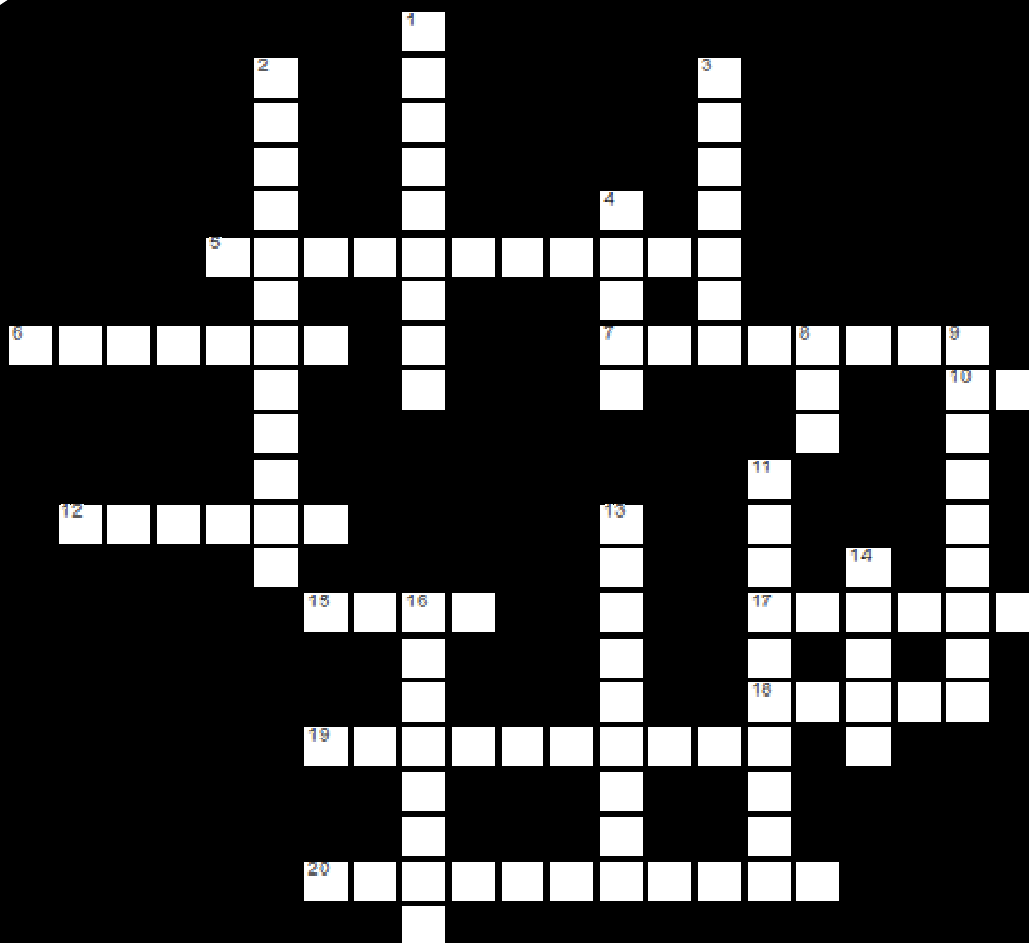
Children cared for _____		Provider 2 _____	
Provider 1 _____		Address _____	
Address _____		Soc Sec No/EIN _____	
Soc Sec No/EIN _____	Amt Pd _____	Soc Sec No/EIN _____	Amt Pd _____

Questions for your tax preparer? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

<b>Schedule C Business Income and Expenses</b>		Business Name	
Total Sales	Owner	Taxpayer	<input type="checkbox"/> Spouse <input type="checkbox"/>
<b>Expenses</b>			
Advertising	_____	Supplies	_____
Bank Charges	_____	Taxes	_____
Commissions	_____	Telephone	_____
Dues & Subscriptions	_____	Tools & Equipment	_____
Insurance	_____	Travel Expenses	_____
Interest - Mortgage	_____	Uniforms	_____
Interest - Other	_____	Utilities	_____
Legal & Professional Fees	_____	Vehicle Expense	_____
Meals & Entertainment	_____	Vehicle Mileage	_____
Office Expense	_____		_____
Postage	_____	Wages	_____
Rent - Building	_____	Other	_____
Rent - Equipment	_____	Other	_____
Repairs & Maintenance	_____	Other	_____
<b>Assets Purchased</b>			
Date	Amount	Description	Business Percentage
<b>Cost of Goods Sold</b>			
	Beginning Inventory	_____	
	Purchases	_____	
	Less Personal Use	_____	
	Direct Labor	_____	
	Supplies	_____	
	Other	_____	
	Ending Inventory	_____	

<b>Schedule E Rental Income and Expenses</b>				
<b>Rental Income</b>	Property 1	Property 2	Property 3	Property 4
Address				
City, State				
<b>Rent Received</b>				
<b>Expenses</b>				
Advertising				
Cleaning & Maint				
Commissions Paid				
Insurance				
Interest - Mortgage				
Interest - Other				
Legal & Prof Fees				
Management Fees				
Repairs				
Supplies				
Taxes				
Utilities				
Vehicle Mileage				
Other				
Other				

# Tax Crossword



## ACROSS

5. A tax return filed by a married couple using the Married Filing Jointly status that combines the income and deductions of both spouses on the same tax return.

6. \_\_\_\_\_ income is your gross income reduced by all your adjustments, deductions, and exemptions.

7. \_\_\_\_\_ deductions are expenses that can be to reduce your income after your adjusted gross income (AGI) and before your income tax calculation.

10. The simplest version of Form 1040.

12. The excess of your withholding and estimated tax payments for the year over your tax liability.

15. W2 \_\_\_\_\_

17. \_\_\_\_\_ income that you earn by work or effort, as opposed to unearned income from sources such as investments.

18. An item you own that has cash or exchange value.

19. A deduction from taxable income for you, your spouse, and your qualifying dependents.

20. Taxes that are taken out of your wages or other income before you receive them and that are deposited in an IRS account.

## DOWN

1. Expenses allowed by the IRS that reduce your taxable income.

2. An allowance paid by your employer for living expenses.

3. General term for an outgoing payment made by a business or individual.

4. An examination of your tax return by the IRS.

8. Internal Revenue Service.

9. Someone you support who you can claim as an exemption.

11. Term for efforts by individuals to evade the payment of taxes by illegal means.

13. The amount of money owed on a loan.

14. Total income before adjustments, deductions, or exemptions.

16. A written acknowledgement that a specified article or sum of money has been received.

## Veterans Discount

Horning's Accounting & Tax Service  
Wants to Thank You for Your Service



Veterans bring in this coupon to receive a 10% discount on tax preparation.

Horning's Accounting & Tax Service  
830 S Revere Mesa, AZ 85210 Phone 480-833-3265

## Early Bird Special



Bring in this coupon and have your taxes prepared by February 28<sup>th</sup> to receive an additional 10% of your tax preparation fees

Horning's Accounting & Tax Service  
830 S Revere Mesa, AZ 85210 Phone 480-833-3265

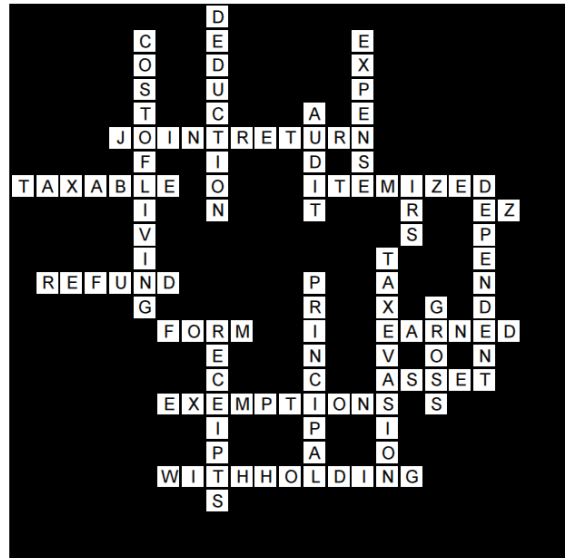
## New Client Tax Preparation



Bring in this coupon to receive a 10% discount on tax preparation. New clients only. Also, if you are an existing client, receive a 10% discount for each new client you refer.

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830 S Revere Mesa, AZ 85210 Phone 480-833-3265

## Crossword Puzzle Solution



I am proud to be paying taxes in the United States.  
The only thing is - I could be proud for half the money



Arthur Godfrey

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