



# ALLIANT ADVISORS

FIND DIRECTION



## The Navigator

Important Markers To Guide Your Way

December 2006

Welcome to our December issue of The Navigator. Our firm combines expertise and experience to assure that each business and individual receives close and personal attention. We feel it is important to continually keep you informed by keeping you abreast of changing tax laws and financial trends as well as sharing our financial knowledge with you. We will answer all of your questions, as they impact both your tax and financial situations. We welcome you to contact us anytime.

We hope you will enjoy and value this information. If you do not wish to receive this information by email please respond to this message and we will remove you from the list. For more information about any aspect of our services, visit [www.alliant-advisors.com](http://www.alliant-advisors.com) or call your local office.

Our Staff wishes you a joyous and safe holiday season.

The Alliant Team

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### **Illinois to Become First in the Nation to Use Free Electronic Service for State Withholding Tax Payments**

The U.S. Department of the Treasury and the Illinois Department of Revenue have partnered in a pilot program to allow Illinois business taxpayers to make state withholding and federal tax payments electronically. Starting December 15, 2006, Illinois will be the first state to offer Treasury's free service, the Electronic Federal Tax Payment System (EFTPS) for this purpose. Elsewhere, EFTPS is used only for the payment of federal taxes.

After a one-time enrollment in the service, business taxpayers can make state withholding and federal tax payments using EFTPS Online. Existing EFTPS users can modify their enrollment information to enable state withholding tax payments.

EFTPS is easy to use, provides confirmation of payment instructions, offers a complete payment history and allows users to cancel payments before the tax due date. Additional benefits of the service include:

- Accuracy
- Security
- Convenience

To enroll in EFTPS and make state withholding and federal tax payments, visit [www.eftps.gov](http://www.eftps.gov).

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## **Last Minute things to Consider before the End of 2006**

- Realize capital losses on stock while substantially preserving investment position.
  - Take advantage of Section 179 expensing allowance up to \$106,000 for 2006.
  - Take advantage of the long-term 15% capital gain tax rate.
  - Use your credit card or home equity line or borrow funds to prepay tax deductible expenses.
  - Realize capital losses to offset against realized capital gains. The net maximum capital loss in any one tax year is \$3,000. Excess losses can be carried forward.
  - Put equipment in service before year-end to qualify for depreciation deductions in 2006.
  - Defer ordinary and capital gain income until next year.
  - Maximize 401-K (up to \$15,000) contributions and add an additional \$5,000 catch-up for the 50 year olds.
  - Maximize IRA Contributions up to \$4,000, plus \$1,000 catch-up for 50 year olds.
  - Take full advantage of flexible spending accounts.
  - Accelerate deductions to 2006.
  - Make gifts to take advantage of the \$12,000 annual gift tax exclusion (per donee).
  - Give old clothing and furnishings in 2006 to your local charity, church, etc., to take advantage of allowed charitable deductions.
  - Maximize charitable deductions by keeping good records of cash and non-cash donations.
  - Write down obsolete inventory or equipment.
  - Write-off non-collectible accounts.
  - Watch out for the Kiddie Tax which now applies to children as old as 18.
  - Review your Estate Plan.
  - Call your Tax Advisor.
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