



# ALLIANT ADVISORS

FIND DIRECTION



## The Navigator

Important Markers To Guide Your Way

March 2007

Welcome! As Alliant Advisors we have the passion to help our clients Find Direction for both business and personal goals. To support this promise we will continue to send you bits of helpful and useful information through e-mail to keep you up to date on any current changes, due date reminders or other information that may be relevant to your specific needs.

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.

The Alliant Team

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### **7 Buzzer-Beating Tips for Late Filers**

Some of you are tax return procrastinators. One possible reason you may be putting things off is because you figure you will owe Uncle Sam a tidy sum.

Advice: It's possible to put a good size dent in your tax bill. Here is a sampler of the seven ideas.

1. **Contribute to an IRA or retirement plan.** If an individual doesn't actively participate in an employer-sponsored plan, he or she can deduct IRA contributions of up to \$4000 (\$5000 if you're age 50 or over) made by April 17. Similarly, self-employed taxpayers can lower their AGI with a timely contribution to a SEP, SIMPLE or Keogh plan, with tax-return-extension time included.

2. **Compare state sales tax to state income tax.** Thanks to a late 2006 tax law reviving this tax break, you can deduct the higher of the two state taxes. State by state tables list the sales tax, but you can add on the cost of big-ticket items like cars and boats,

3. **Offset taxable bond interest.** You can deduct the amortized premium for bonds on Schedule B of Form 1040.
4. **Elect “out of” installment-sale reporting.** It makes sense if you had capital losses in 2006 to absorb the full amount of gains from an installment sale.
5. **Write off your personal bad debts.** You can deduct unrecoverable amounts from personal loans that have become totally worthless. You can claim the write-off as a short-term loss on Schedule D.
6. **Bypass investment tax breaks.** You might give up the preferential tax for long-term gains (a maximum tax rate of 15 percent) if this significantly increases your investment-interest-expense deduction.
7. **Dial in correct telephone-tax numbers.** The IRS continues to flag taxpayers for claiming excessive-long distance telephone-tax refunds or credits. Even worse, it reports that one out of three early filers is missing this tax break. (IRS internal release 2007-21) To play it safe, a safe-harbor amount is available: \$30 if you are claiming one personal exemption; \$40 for two; \$50 for three and \$60 for four or more.

Finally, if necessary, you can always file an extension with no questions asked. Be advised that an extension to file is not an extension to pay tax. (Reminder: To avoid estimated tax penalties, you must pay at least 90 percent of current tax liability or 100 percent of prior year's liability (110 percent for an AGI above \$150,000.)

If you have any questions about the above information please feel free to call us anytime and we can answer them for you over the phone or at your tax appointment. Thank you again for being our client.