



THE ELLS OUTLOOK

July-August 2009

Tax Incentives Are Very Lucrative

As a result of the American Recovery and Reinvestment Act of 2009 many consumer tax incentives have been extended or enhanced. It's important to act quickly as many of these incentives and credits will expire at the end of 2009 and others must be "in service" by December 2010. Fuel-efficient vehicles and energy-efficient appliances and products head up the list of consumer tax credits. In addition, consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in existing homes can receive a tax credit for 30% of the cost, up to \$1,500. Consumers who install solar energy systems and other energy-saving systems, can receive a 30% tax credit for systems placed in service before December 31, 2016, with no cap on expenditures.

Business owners and corporations have not been left out. A tax deduction of up to \$1.80 per square foot is available to owners of new or existing buildings who install (1) interior lighting; (2) building envelope, or (3) heating, cooling, ventilation, or hot water systems that reduce the building's total energy and power cost by 50% or more. Energy savings must be calculated using qualified computer software approved by the IRS. The deductions are available primarily to building owners, although tenants may be eligible if they make construction expenditures.

The expanded Work Opportunity Tax Credit (WOTC) now includes unemployed veterans and disconnected youth. The 50% bonus depreciation has been extended to include purchases made in 2009 as does the extension of enhanced small business expensing (Section 179). Small businesses with losses 2008 can get a refund of taxes paid over the past five years instead of the usual two. The Recovery Act also includes a reduction of estimated tax payments to 90 percent of the previous year's taxes instead of the 110 percent previously required. Capital gains tax break means that Investors in qualified small businesses who hold their investments for five years can exclude from taxation 75 percent of their capital gains for stock acquired from February 18, 2009 to December 31, 2010.

There are many more incentives, too numerous to list in this space. Your ELLS Advisor can discuss your plans and match you with the most favorable programs. Call us today and get started!

Enterprise Zone Tax Credits Are Focus of Workshop



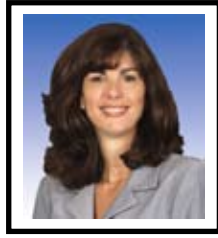
ELLS EZ team of Ed Lieber, Carol Painter & Lupe Cortina pose with SA EDD members Marc Morley & Chris Dalton.

On June 24th, the City of Santa Ana hosted their 14th annual Enterprise Zone workshop in Santa Ana. Ed Lieber and Ray White, from the City's Economic Development Department, focused on the two "Big Dog" tax credits – the hiring credit and the sales and use credit. Over 30 Santa Ana businesses attended. The Santa Ana Enterprise Zone also received a new 15-year zone designation in June of 2008! Congratulations to the City of Santa Ana and all of the people who helped make it happen.



Ray White, Economic Development Manager Linda Summers, and Ed Lieber.

Maria Arriola Discusses 401(k) Match Suspensions



Many companies have felt their budgets tightening. One way to shore up your firm's budget is to suspend your 401(k) matching dollars. Although unfortunate for plan participants in the short run, plan sponsors can reinstate these contributions when the bottom line isn't so tight. What implication does this hold for plan sponsors and participants?

Your plan document will most likely have one of two options for matching contributions: 1. a fixed match with a specified formula in which the employer commits to providing the matching contributions for the employees, or, 2. a discretionary formula that allows the employer to pick and choose the amount given each year (normally on an annual basis), with no specific formula written into the document. If the matching formula is fixed, employers must provide the amount of the match to employees in the summary plan description. You can communicate information about a discretionary match formula by a memo or other means of communication to the employee. If you're thinking about suspending your company's matching contribution, your considerations will vary depending on the type of retirement plan you have. If you have a traditional 401(k) plan and you want to suspend the match, you may do so at any time. Don't forget about your plan document. A fixed formula requires a plan amendment; a discretionary plan does not. Make sure your corporate resolution or other minutes making the change become part of the company records. Regardless of whether an amendment is needed, notify employees. You can do this using e-mail or another form of employee communication. For other types of 401(k) plans, consult with your ELLS Advisor. Our Pension Plan auditors are also well-informed about the correct procedures in amending your pension plan and your ELLS Advisor can arrange a meeting at your convenience. Plans that are amended must meet the April 2010 deadline for doing so.

**Thank You For Referring Us
To Your Friends &
Business Associates!**

QuickBooks 2009 Update Is Worth The Investment

Updating software packages may have low priority if your current program still does everything you need it to do. When updates are issued, they usually have a numeric "version" suffix (such as 7.0 upgrades to 7.5) or a yearly designation. You may be able to squeak a few extra years out of a word processing or spread sheet program without upgrading, but an updated accounting software program could actually save you money and give you peace of mind that you're meeting current IRS guidelines. For example, if you're on QuickBooks 2006, Intuit announced that it officially discontinued support for that version as of May 31, 2009.

In addition, there are many new features in QuickBooks 2009 that make it a compelling choice to upgrade. The Company Snapshot feature gives you a real-time overview of your business from accounts receivables to accounts payables. The Outlook integration allows you to send emails, invoices, and receipts directly from within QuickBooks. This feature greatly reduces any chance of error in transferring the information manually. If you do your own payroll, the processing is faster and all updated tax tables and forms are included in the Payroll Subscription. The Accountant's Copy file errors are virtually eliminated in QuickBooks 2009. Another plus is that online banking is much simpler and easier to use. So, overall, it is a faster program compared to previous versions of QuickBooks. We recommend those clients who are on other versions of QuickBooks seriously consider upgrading to Version 2009 if you have not already done so. If you feel your staff could benefit from additional training on the newer version, your ELLS Advisor can arrange a convenient time.

Ed Lieber Attends Conference in Balmy Florida



Ed Lieber attended the CPA Associates International (CPAAI) managing partner's conference held at the Breakers Resort in West Palm Beach, Florida, from June 1st to 3rd. The conference focused on issues and opportunities facing managing partners of CPA firms. In photo above with Ed is his wife, Vickie.

Revised Form I-9 is Required

Effective April 3, 2009, employers are required to use the most recent version of the U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification Form (Form I-9) to verify newly hired employees' work authorization. This form has a revision date of February 2, 2009. Prior versions of this form will no longer be acceptable. Employers are not required to complete the new form for existing employees, except when re-verifying expiring work authorization documents. Details regarding the new Form I-9 (including how to download copies of it) can be found on the USCIS web site at www.uscis.gov.

Social Security Offers Attractive Options!

Postponing Social Security until age 70 makes a great deal of sense for most healthy, married Americans that can do without the income. About two-thirds of Social Security recipients start taking benefits before their normal retirement age. For the vast majority, this will cost them dearly in retirement, as the result will be lower lifetime benefits. There is a way to reverse this mistake and start again! The Social Security Administration allows you to pay back the money you've received in Social Security benefits, without interest and without adjustment for inflation, and reapply for higher benefits as if the original retirement date had never occurred. The typical family may be able to add as much as \$200,000 to their lifetime retirement income if the primary breadwinner postpones Social Security until age 70. Your ELLS Advisor can help you calculate the "pay back" benefits for your specific situation.

On The Ball for Charity



Greg Lewis played in the 17th Annual Anaheim Rotary Golf tournament held at the Anaheim Hills Golf Course on June 1st. Pictured in Greg's foursome are: Bob Torrez of Champ Steel, Gary Heil of G.D. Heil, Inc., Greg, and Tony Ellis of Citizens Business Bank. The event raised over \$19,000 for local Anaheim charities. Greg served in his usual role as Master of Ceremonies at the silent and live auction dinner program.



Richard Packard of Landmark Companies and **Ron Stumpf** anchored a foursome at Cal State Fullerton's Mihaylo College of Business & Economics at their 15th Annual Summer Golf Classic on June 8th. Proceeds went to support Mihaylo College programs.

—Around The Calculator—

Yen Nguyen, Internal Accountant, celebrated her 2nd anniversary on July 2nd. Receptionist **Alisha Ayub** also celebrated her second year on August 13th. The longevity prize definitely goes to **Laurel Morrison**, Paraprofessional, who rings up 29 years with ELLS on August 16th. Paraprofessional **Karen Kush** is also showing impressive numbers with her 14th anniversary on August 21st. Congratulations to all.



Our best wishes to **Doris Zhu** who married Will Yao in Shanghai, China, on June 21st. Doris had a traditional Western marriage ceremony and then the bride and groom changed into traditional Chinese attire for the candle lighting and parents' appreciation ceremony. A festive reception followed.



Oppenheimer Partner Alliance Group Visits ELLS

Michael Parness, Managing Director, and accounting industry consultant Jay Nisberg visited ELLS on June 11th. ELLS has been a member of the Oppenheimer Partner Alliance Group for the past 10 years. Michael and Jay came from New York to discuss the latest opportunities available to our clients. Pictured above are: **Greg Lewis**, Jay Nisberg, **Ed Lieber**, Marketing Director **Jill Zozula**, **Sherry Radmore**, Michael Parness, and **Ron Stumpf**.

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There’s Still Magic at the Magic Kingdom!



On May 8th, the ELLS Shareholders treated the ELLS team to an excursion to the Happiest Place on Earth. The day started with a turn on all the fun rides, including the Matterhorn, Pirates of the Caribbean, Star Tours, Big Thunder Mountain and Indiana Jones. We enjoyed lunch as a group at the Blue Bayou restaurant after which we took in “Celebrate: A Street Party” parade on Main Street while enjoying ice cream for dessert at the Gibson Girl Ice Cream Parlor. After tackling a few more rides, we had dinner at the House of Blues in Downtown Disney before heading back into the Park for still more rides and the big fireworks finale. As you can see from the pictures, it was a great day for everyone.

