

FOOTNOTES

Hogan - Hansen Peer Review

Our firm participates in the American Institute of Certified Public Accountants (AICPA) Peer Review Program which requires, in addition to annual internal inspections, that every third year we engage a CPA firm to examine our compliance with the Peer Review Standards and our own internal Quality Control Policies and Procedures. The peer review team from the Minneapolis area completed its review. For the tenth consecutive time, we obtained an unqualified opinion. In addition, there was no letter of comments or matters for further consideration. The peer reviewers have told us that these results place our firm among the top 10% of the nearly 35,000 firms in the country that participate in the peer review program. The AICPA Peer Review Program is dedicated to enhancing the quality of accounting, auditing and attestation services performed by AICPA members in public practice.

QUALITY

This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details and/or professional assistance.

HOGAN ♦ HANSEN

A Professional Corporation

Certified Public Accountants and Consultants

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RETURN SERVICE REQUESTED

Notable Quotes

If you put off everything till you're sure of it, you'll never get anything done.

- Norman Vincent Peale

A business that makes nothing but money is a poor business.

- Henry Ford

Arguing with a fool proves there are two.

- Doris M. Smith

After the game, the king and the pawn go into the same box.

- Italian Proverb

I wouldn't mind paying taxes... if I knew they were going to a friendly country.

- Dick Gregory

Live so that when your children think of fairness and integrity, they think of you.

- H. Jackson Brown, Jr.

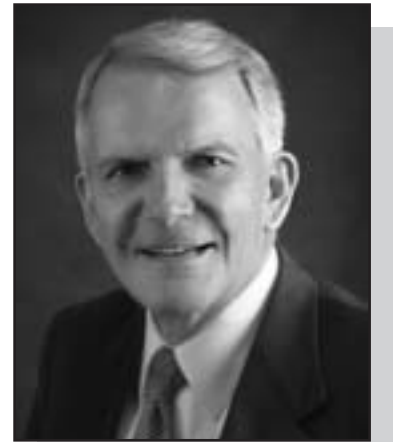
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Financial ideas for today and tomorrow

Hogan - Hansen, P.C., Certified Public Accountants and Consultants

Autumn 2008

From the Pen of A Partner...



Dennis is an income tax and business consulting partner in our Waterloo office.

The Internal Revenue Service (IRS) is increasing the scrutiny of S corporations to help eliminate the gap in potential tax that should be paid versus the current tax being paid. The IRS is focusing on three areas of abuse. First is stockholder-owner compensation, particularly having those stockholder-employees paying themselves a reasonable compensation. The IRS recognizes the tax benefits of paying extremely low, or even zero, compensation to avoid paying FICA and Medicare taxes.

The second area that the IRS is reviewing is when stockholders deduct losses incurred by the S corporation above the stockholder's basis in the corporation. In general, stockholders only can deduct the losses incurred up to the amount of monies invested in the S corporation and cannot increase their basis by corporate bank loans or the guaranteeing of S corporation debt.

Lastly, the IRS is reviewing tax-free fringe benefits like health insurance and group-term life insurance. The basic rule is that these fringe benefits are only available to less than 2% stockholders and nonstockholder employees.

Sincerely,

Dennis E. Hogan, CPA

*Kevin Ballard
Principal*

*Steve Duggan
Principal*

*Dennis Hogan
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*Dennis Muyskens
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Auditing and Accounting

*Business Management
Consulting*

*Business Strategies for Taxes
& Succession Planning*

Business Valuations

*Cafeteria Plan Design
& Administration*

*Employee Benefit
Plan Services*

Financial Planning

Payroll Management

QuickBooks Support

Tax Preparation



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Some College Textbooks May Qualify as Tax Exempt



In an effort to curb costs of higher education, Iowa's student government leaders have actively pursued the sales tax exemption of textbooks. Under Iowa Code Section 422.45(3), university-operated bookstores are not required to collect sales tax if net proceeds are expended for educational purposes. Only college textbooks sold at Iowa's two university-operated bookstores located at the University of Iowa and Iowa State University are exempt from sales tax. The tax exemption includes both retail and local option sales taxes.

Students who were charged taxes on textbooks purchased at Iowa's two university-owned bookstores may request a refund of the sales taxes paid by completing Form IA 843, Claim for Refund, available on the internet at <http://www.iowa.gov/tax/forms/22009.pdf>. The original receipt listing the textbooks purchased, taxes paid and bookstore information must be submitted with the refund claim. Due to the statute of limitations, refund requests may be submitted for up to the past three years. Refund claim forms may be filed as purchases are made, whether they are filed each semester or at the end of the school year. Refunds will not be granted for textbooks purchased from any other non-university owned bookstore. The completed claim form must be submitted to the Iowa Department of Revenue for processing. If you have questions or would like assistance completing the refund form, please contact us.

Rebate Warning Issued

The IRS is cautioning taxpayers about the many scams involving the economic stimulus tax rebates, urging people not to fall for any of the "phony e-mails or faxes now in circulation pretending to come from the IRS." The IRS does not send unsolicited e-mails or faxes or make phone calls about tax matters.

Iowa Amendment Changes Rules for Mailing Paychecks



On July 1, 2008, a change in Iowa's Wage Payment Collection Law took effect. The new law requires that an employer must have a written request from an employee before wages may be sent to an employee by mail. The purpose of this revision, which was passed by the Iowa Legislature and signed by Governor Culver, is to ensure that employees receive wages in a timely fashion. The law also makes an employer liable for any bank overdraft charges an employee may be assessed if they fail to pay an employee's wages on or by a regularly scheduled payday.

Under the new law, an employer may not mail a paycheck to an employee without written consent, even if the paycheck has always been mailed to them in the past. If paychecks are normally distributed in person, and an employee is absent from work on the normal payday, an employer cannot mail the paycheck unless written authorization has been given by the employee. A written request or authorization from the employee directing that in the event of absence on payday, the employee's paycheck may be mailed to them, or given to a specifically identified family member, would address this issue and comply with the amended wage law.

The new law does not affect the direct deposit of an employee's wages and applies only to mailing of actual paychecks and not to mailing of pay stub information. If you have questions regarding this new law change, give us a call.

Court Rules on Bonds

A recent Supreme Court ruling upheld the right of states to tax interest on out-of-state municipal bonds even though their own state's bonds are tax-exempt. Though the tax is discriminatory, it is still constitutional, ruled the Court.

Meet Our People - The Power of Your Success

Steve Duggan	Dennis Hogan	Kevin Ballard	Dennis Muyskens	Lisa Wall	Steve Kos	Debbie Ehmen
Dale Minor	Sue Becker	Susan Wilson	Anne Halbmaier	Robert Brown	Judy Sanders	Kris Richardson
Dawn Marquard	Sherri Simon	Debra Davis	Peggy Boyll	Karla Hoppes	Damian Hurmence	Kevin Kamienski
Vicki Kamienski	Diane Huffman	Rachelle Thompson	Andrea Ludwig	Mary Ellen Schaan	Jennifer Decker	Sarah Eichenberger
Kristi Wick	Brooke Wittkop	Dick Mackin	Kellen Huseman	Joel King	Chris Dobel	Apral Tomkins
Ryan England	David Meade	Terrye Pic	Shawna Miller	Danielle Gifford		