

Betty BEA and Associates Certified Public Accountants

October 2006

To Our Clients and Friends

Have you seen the Christmas decorations in the stores? It does seem a little early to be thinking about Christmas. It is, however, not too early to be thinking about and planning for your income taxes. After all, we are thinking

and planning for your income taxes. This newsletter will cover some year end tax planning tips. It will also go over the latest tax changes, and discuss working smarter and not harder when it comes to your computer software system.

We are continuing to do the spotlight on our clients segment. In this issue we will tell you about Tomlinson Black Group. They have been part of our client family for many years.

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Out With the Old and In With the New—Tax Changes

Every year there are some new tax laws as well as some prior laws that are phased out. Here are some of the new changes that we felt you would like to be aware of for the coming tax year.

Two of the laws that ended in 2005 are the deduction for educator expenses and the itemized deduction for sales tax. However, there is the possibility that Congress will extend both deductions. We will keep you informed as to the results.

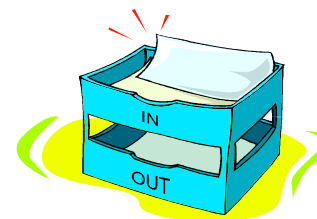
Another change is intended to crack down on abuses of donations of clothing or household items. Household items include

furniture, furnishings, electronics, appliances, linens, and other similar items. Those donations must be in "good used condition or better".

Starting in 2007, all cash donations have to be substantiated by canceled checks or receipts from the charity. Prior to 2007, if you dropped a \$20 bill in the Sunday collection plate or in a Christmas kettle outside a store, you could still deduct it if you kept a record. This option is eliminated in 2007.

For 2006 and 2007 there is a new tax break for individuals age 70-1/2 or older that made distributions up to \$100,000 from their IRA's direct to a charity.

Did you know that there is a telephone tax refund on taxes paid for long-distance phone calls? In general, anyone who paid the long-distance telephone tax will get the refund on their 2006 Federal income tax return. This includes business.



Avoid Headaches at Tax Time

It is never too early or too late to start organizing and planning for your income taxes. Tax season is right around the corner and you will soon be receiving forms and records from a variety of places. This information will be matched with your tax return by the IRS computers. If it does not match, you will be hearing from Uncle Sam. Keeping good

records is very important. We recommend that you place your tax information such as W-2's, itemized deductions, etc. in either files or envelopes, label them, and store them in a safe place. Then, when your organizer comes, you will have what you need to fill it out.

Planning is equally important as keeping good records. What you will want to do is to develop a tax

strategy. This helps you to consider the tax consequences before making decisions, rather than after. This will also help you with the timing of decisions. We would be more than happy to assist you with this process.



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Work Smarter, Not Harder by Thomas H. Rogers, Jr., C.P.A.

Years ago our firm acquired some training CD's for Excel. Despite the fact that I thought I was reasonably proficient, I forced myself to go through the Beginning Excel CD. I nearly fell asleep, but suddenly my eyes lit up about right-clicking and getting little menus. I enthusiastically started right-clicking everything in sight. A very simple thing, but it opened up many features and time-savers that I had not known about.

We've all heard the cliché about working smarter before. Possibly nowhere is that more true than using your accounting software. Often I have heard the statement "this software makes it so hard to get this information that I need." Many times, my

question is "have you tried this?" At which point, the client saved several hours of work in the next month.

Granted it's not always this easy. Sometimes you have to write a customized report or change your procedures a little. Sometimes you just have to sit down and take the time to learn a little more about the software. This is one reason I make sure that I give clients an overview of new features every time I help them install an upgrade. I've worked with MAS 90 accounting software for over 20 years, but I find I'm still learning new things. Sure, it may cost a little bit up front in time and/or

money, but it can be worth it.

Where can you learn more about your software? Read your manuals or help files. Visit web-sites. Take a class. Ask your software vendor. Working smarter WILL pay off.



SPOTLIGHT ON OUR CLIENTS: Tomlinson-Black Group of Companies



Without much effort, you'll see TOMLINSON BLACK just about everywhere you look. This nationally ranked and locally committed full service real estate company boasts more than 600 agents and an extensive network of service choices for customers. Most of BEA's involvement has been with the Commercial,

Property Management, and Waterfront divisions as well as 40 related party real estate investment properties owning almost \$200 Million in assets. BEA's relationship with Tomlinson Black spans all the way back to the founding of its parent company by James S.

Black, Sr., in 1957. BEA feels fortunate to work with current CEO Dave Black and his executive team in their successful efforts to keep the Tomlinson Black Group of Companies as the premiere full service real estate service provider in the Inland Northwest.

Serving the Inland Northwest as a certified public accounting firm since 1946, Batty, Erlandsen and Associates, P.S. provides a variety of services to our clients. Accounting and Auditing, Internal Control Consulting, MAS 90 and QuickBooks Consulting, and Business Planning are just a few examples. Our firm is a strong team, each member having their own strengths and experience. Together, we offer a wide range of services for our clients.

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