

UGJ

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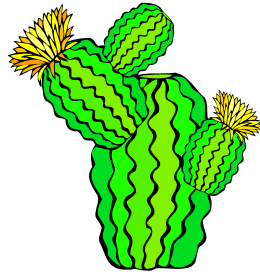


Welcome Robert Flowers!

UGJ is excited to welcome Robert Flowers to UGJ! He will bring a lot of expertise in the restaurant and small business areas. Robert's most recent work experience was with Sherrington Foods where he had been the controller for 22 years. Robert lives in Lebanon with his wife Betsy. Robert has a BS degree from Georgia Southwestern. His interests include coaching and outdoor activities. He is also a member of the Elks Club.

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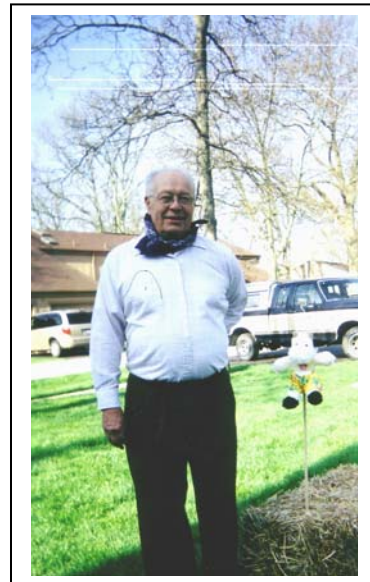
A couple of cowpokes!



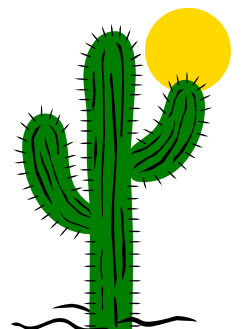
WE MADE IT !



Let's start our own gang!!!



TRAIL BOSS!!



Tax Season is Over

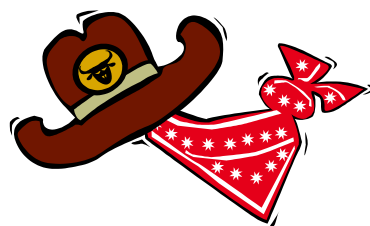
Tax season is over
The sun shines anew
The flowers are blooming
My mind is a stew

It will take a couple of months
But maybe I can relax
Unplug all the computers
Smash the blasted fax

Come August I'll feel fine again
It really takes that long
There is too much backlog
I can't sing a song

I plan to do some biking
Some kayaking and more
Life begins anew
Work is not a chore

I'm born again on 4 / 15
That's what its all about
To get the job done in tax season
And then feel free to shout!



Learning how to rope a steer



Where's the beef????



The newest cowhand

IRS High-Income Audits Increasing



IRS Commissioner Mark Everson says that the era of decline in enforcement actions is now over and that the Service will begin ramping up its enforcement efforts, especially for high-income individuals and corporations “so that Americans know that when they pay taxes, their neighbors and competitors are doing the same.”

Everson points out those enforcement results last year show that audits, criminal investigations, and collections are all up. “In particular, the number of high-income taxpayer audits again increased by 24 percent. Audits of taxpayers with income over \$100,000 were up over 50 percent from two years ago.”

Key elements of the 2005 budget proposal will be the hiring of 5,000 new auditors, tax collectors, criminal investigators, and other staff.



Other News Around UGJ

Philo Joseph has recently received her Ohio CPA certificate. She has been a CPA since 1992. She works for us in the tax and compilation areas. ***Congratulations PHILO!***

AMT Diagnosis

You may be subject to the AMT without even knowing it. The tax has many possible causes, but you may be particularly prone to the AMT if you have any of the following "symptoms":

- A large number of exemptions for dependents. Personal exemptions for the taxpayer, spouse and dependents are not allowed for AMT purposes
- Large state and local tax deductions. These deductions, including property and state income tax deductions, are not allowed under the AMT
- Interest on second mortgages. Interest on any borrowings not used to buy, build or improve a home is not allowed
- Large miscellaneous itemized deductions. These items, including unreimbursed employee expenses, tax preparation fees and many investment expenses, can't be deducted for the AMT
- Large credits. Many of the credits allowed under the regular tax systems are disallowed under the AMT. While Congress has recently extended relief for “personal credits”, the more credits a client claims, the more likely they are to pay the AMT
- Incentive Stock Options. The exercise of incentive stock options can easily put your clients in an AMT position
- Tax-exempt interest. Interest in some “tax-exempt” bonds isn't exempt from the AMT. Income from these so-called “qualified private activity bonds” (where more than 10% of the proceeds are used by a private business, or 5% are used for loans to nongovernmental entities), is a tax preference for AMT purposes.

By Chris Saul

The latest on a controversial subject tax breaks for SUVs



Heavy SUVs have come under attack lately not only for being gas guzzlers and hazards for smaller cars on the road, but also for generating unintended tax breaks for taxpayers who use them for business driving. These subjects, along with legislative proposals to change the tax rules for SUVs, are the subject of a recent Congressional Research Service Report for Congress titled “Sport Utility Vehicle (SUV) Tax Preferences: Issues for Congress”. The rules may change soon.

Income tax breaks for purchased SUVs. For tax years beginning in 2004, taxpayers (other than trusts, estates, and certain non-corporate lessors) may elect under Code Sec. 179 to expense up to \$102,000 of the cost of eligible personal property used in the active conduct of a trade or business. The maximum expensing amount generally is phased out dollar-for-dollar by the amount of qualified expensing-eligible property placed in service during the tax year in excess of \$410,000 (for 2004). Additionally, the maximum expensing amount is limited to the amount of taxable income from any of the taxpayer’s trades or businesses. The expensing election may be claimed only if the property is used more than 50% in a qualified business use.

A vehicle is a “passenger auto” subject to the above limitations if it is: (1) a car (not a truck or van) that is rated at 6,000 pounds unloaded gross vehicle weight or less; or (2) a light truck or van (passenger autos built on a truck chassis, including minivans and sport-utilities (SUVs) built on a truck chassis) that is rated at 6,000 pounds gross (loaded) vehicle weight or less.

Heavy SUVs – those with a gross (loaded) vehicle weight rating (GVWR) of more than 6,000 pounds – are exempt from the luxury-auto dollar caps because they fall outside the definition of a passenger auto. There are some 40-plus models that qualify as heavy SUVs (GVWR is stamped on a label on the inside of the driver’s door).

Because they fall outside of this definition, the cost of most heavy SUVs used 100% for business may be expensed under Code Sec. 179. Thus, for example, the entire cost of a \$40,000 SUV bought new in 2004 and used 100% for business may be expensed under current rules.

Caution: Unless bonus depreciation is extended (which seems unlikely), it will not be available for post-2004 purchases.

Thank You for Being our Customer!

In order to thank you for your patronage, we would like to offer you a four-inch potted plant from Marvin's Organic Gardens. The choices are:



Geraniums
African Daisies
Coleus

We are taking orders up through June 21st. Please give Nancy a call @ 777-4533 Ext. 10. We will have the flowers for pick-up later in the week. We are also including a discount coupon for trees from their garden center for up to 30% off. Thanks again.

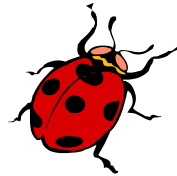
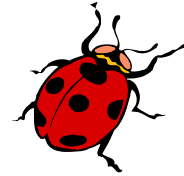
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Spring 2004



Bloomin' Organics

Marvin's Organic Gardens is a full service nursery, landscape design company, & garden center located 25 miles north of downtown Cincinnati, in Lebanon, Ohio. Organic, natural and safe gardening practices are the heart of our company. Our goal is to provide plant material that is garden worthy, tough and durable, and not over-used.



Main Office
3989 US Route 42
Lebanon, Ohio 45036
513.398.5753

Garden Center
2055 US Route 42
Lebanon, Ohio 45036
513.932.3319

www.marvinsorganicgardens.com

UGJ Privacy Policy

The Federal Trade Commission has issued rules under provisions of the Gramm-Leach-Bliley Act requiring tax preparers to provide written annual notice of their privacy policy to all clients. To meet the requirements of this law, Umble, Gayhart and Jacobsen, CPAs is using this newsletter to inform you of the privacy policy of this firm.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications, tax organizers, worksheets and other documents;
- Information about your transactions with us;
- Information we receive from a consumer reporting agency.

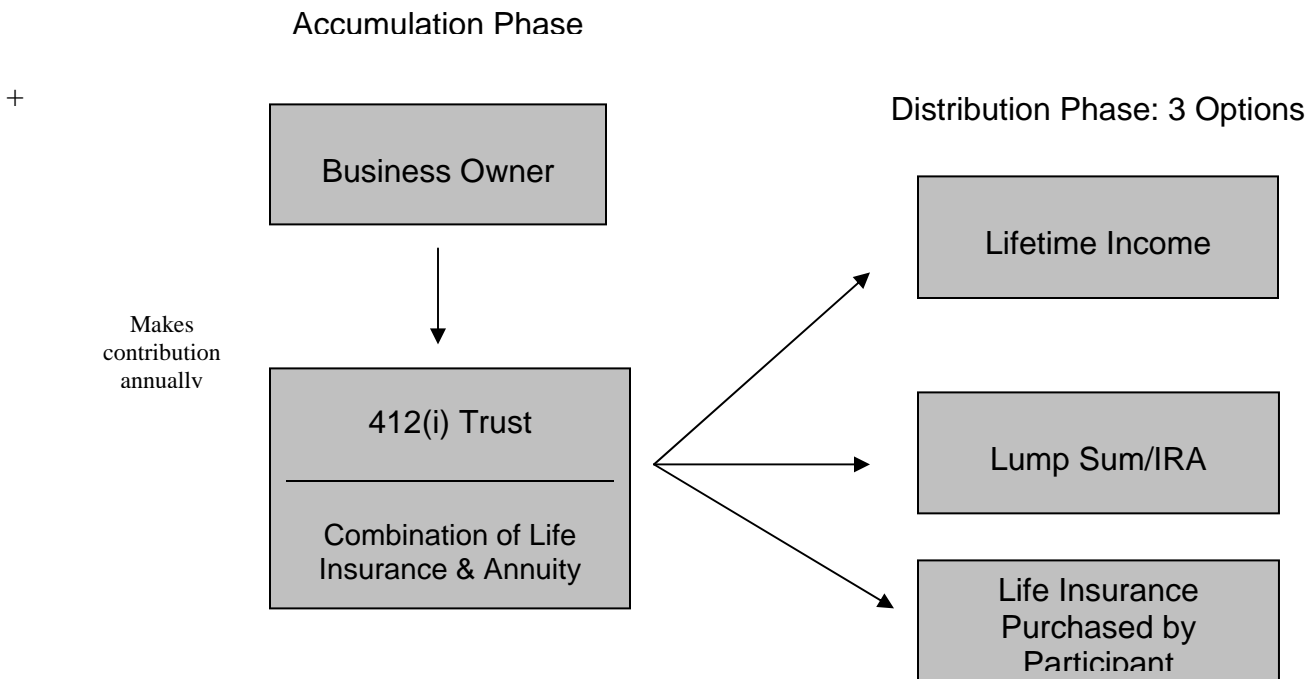
We do not disclose any nonpublic personal information about our clients or former clients to anyone, except as permitted by law. We restrict access to nonpublic personal information about you to those members of our firm who need to know that information to provide services to you.

If you have any questions about this policy, please do not hesitate to contact us.

Retirement Plan – 412(i) Deferred Benefit Plan

There are a number of different types of Qualified Retirement Plans, and the 412(i) Plan is an appealing alternative to most other plans for business owners and professionals, particularly during unpredictable economic times. The immense popularity of 412(i) Plans has to do with their unique ability to provide guaranteed benefits (lifetime income) and significant tax deductions while retirement savings accumulate tax-deferred over time. These plans favor business owners over age 45, who have limited years to save for a comfortable retirement and need to contribute as much as possible. 412(i) Plans are funded exclusively with life insurance and annuity products.

How a 412(i) Plan Works



Call us if you have any questions or want to set up one of these plans for yourself!