

From: Dennis L. Hayden [dhayden@Haydenci.biz]
Sent: 03/22/2010 10:55 AM
To: 'dhayden@Haydenci.biz'
Subject: Newsletter 3/22/2010



Hayden Consulting, Inc.

Dennis L. Hayden, Editor

Offices:

11805 N Pennsylvania St
Carmel, IN 46032-4555

301 East Clinton St
Frankfort, IN 46041-1908

Newsletter Date 03/22/2010

Volume 1, Number 7

In This Issue

Statutory Employee Revisited

IRS to Accept Medical
Resident's Claims

Gift Tax Returns

Contact Us:

<http://www.Haydenci.biz>

J. Michael Hayden, CFP® CPA
mhayden@Haydenci.biz

Dennis L. Hayden, CPA CVA MST
dhayden@Haydenci.biz

Hayden Consulting, Inc.

Last Week:

VOIP Phone Systems

When Banks aren't Lending

Document Retention

Important Links:

Internal Revenue Service
Indiana Department of Revenue

Know some who would benefit
from this Newsletter, send us an

STATUTORY EMPLOYEE REVISITED

The tax court has recently sided with the IRS to prevent a salesmen from consideration as a Statutory Employee. The theory used was that the employee was a Common Law Employee rather than a Statutory Employee or independent contractor. According to the IRS a Common Law Employee cannot be a Statutory Employee, therefore, the person's expenses are subject to the 2 percent limitation as itemized deductions.

The Internal Revenue Code is very specific. If an employee falls within certain categories they automatically are considered a Statutory Employee rather than a Common Law Employee, and expense incurred are deductible on Schedule C as business deductions. This is probably not the last to be heard about this issue.

IRS TO ACCEPT MEDICAL RESIDENT'S CLAIMS

The IRS has administratively determined to accept the position that medical residents are exempt from Social Security and Medicare withholding. Under the student exception rule, the taxes do not apply to service performed by students employed by a school, college, or university where the student is pursuing a course of study.

The IRS will contact hospitals, universities and medical residents who filed refund claims to provide further information and procedures. Taxpayers can obtain additional information by calling (800) 919-1717 or by logging into <http://www.irs.gov/charities> and clicking on Medical Resident FICA Refund Claims.

GIFT TAX RETURNS

If someone made a gift in excess of the annual limitation of \$13,000 for 2009 a Gift Tax Return is required to be filed. A husband and wife making a joint gift in excess of the above amount also are required to file a Gift Tax Return, although there is no tax on the gift unless your lifetime gifts exceed one million dollars.

The current federal estate tax exemption is \$2.0 million, although this amount will be reduced to \$1.0 million in 2011 unless Congress increases it. An important method of ensuring that your estate will not be subject to estate tax is to make sufficient gifts during your lifetime so that at death your estate is smaller than the then-current exemption amount.

Lifetime gifts are subject to a gift tax that is imposed at the same rate as the estate tax. This "unified" system is intended to eliminate any tax advantage of making gifts.

THESE ARTICLES MAY NOT BE USED FOR PENALTY PROTECTION

e-mail address.

COPYRIGHT © 2010, HAYDEN CONSULTING, INC

The design of this newsletter is to provide accurate (at the time of printing) and authoritative information with regard to the subject matter covered. It is not for use as the basis for legal or tax advice. In specific cases, parties involved must always seek out and rely on the counsel of an adviser. Thus, responsibility for modifying and guiding any party's action with respect to legal and tax matters rests with a party's own advisors.

DISCLAIMER: CIRCULAR 230 DISCLAIMER: NONE OF THE ARTICLES IN THIS NEWSLETTER ARE INTENDED OR WRITTEN BY THE VARIOUS AUTHORS OR HAYDEN CONSULTING, INC, TO BE USED, AND THEY CANNOT BE USED, BY YOU (OR ANY OTHER TAXPAYER), FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON YOU (OR ANY OTHER TAXPAYER) UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED.