



## Important Information from *Kramer Weisman and Associates, LLP*

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### Rules for Making Estimated Payments

Are you required to make quarterly estimated payments to the IRS?

The "safe harbor" concept was described in our January 2008 newsletter. In general, the "safe harbor rules" require taxpayers to pay their taxes throughout the year rather than waiting until April 15<sup>th</sup>. Tax payments can generally be made by withholding taxes from your paycheck or by making estimated tax payments.

Estimated tax payments are often used to *supplement* your payroll withholdings. It is not necessary for everyone to make estimated tax payments. Typically, estimated tax payments need to be made when you have income from sources other than payroll. For example, if you have significant earnings from interest, dividends, investments, a pension plan or a trust or if you are an owner of a partnership, limited liability company or s-corporation.

Estimated tax payments are due quarterly on April 15, June 15, September 15, and January 15 and are paid using a tax coupon Form 1040-ES. If you do not pay **at least** 25% of the total tax due for the year each quarter, underpayment penalties could be charged.

We use different approaches to determine whether estimated taxes are due. In general, we look at how much tax was paid last year and we estimate the current year tax liability.

Since this can be tricky, we are available to assist.

*Kramer Weisman & Associates, LLP*

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### New Tax Return Preparer Standards are Here



The IRS recently issued new, more stringent, rules for tax professionals. The rules increase tax return reporting and disclosure requirements. The new rules give the IRS more tools to battle abusive tax avoidance transactions. The IRS is trying to improve ethical standards for tax professionals and curb abusive tax avoidance transactions by taxpayers. The rules also include penalty provisions for both taxpayers and tax preparers who take positions that do not have a "reasonable basis".