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Somehow we made it to the finish line again. Tax Season 2011 featured all the customary challenges, with a couple of new wrinkles thrown in. Federal tax legislation passed late in 2010 delayed return filing season for most individual taxpayers until February 15, 2011. Software writers consequently had to scramble to get their annual tax updates out. Oregon was even slower; it took our state legislature until March to "reconnect" to federal tax law, retroactive to January 1. And some differences between federal and state law remain. All of those last-minute tax changes translated to lots of extended tax returns that our office will be busy preparing throughout the spring and summer.

A EUGENE INCOME TAX? REALLY?

Measure 20-182 has its day May 17, when a special election will determine whether or not the city can raise \$16.8 million per year for Eugene 4J and Bethel school districts by levying an income tax on city residents.

◆ **Details:** Eugene 4J would get \$12 million per year for four years and Bethel \$4.8 million if the measure passes. . .the actual annual tax revenue generated is estimated at about \$24 million, with the difference needed for administration of the tax. . .the city is considering partnering with another jurisdiction to actually administer and collect the tax revenues. . .the income tax would be in effect from 2011 through 2014. . .tax rates would range from .35 percent for joint taxpayers with taxable income between \$22,000 and \$35,000 to 1.2 percent for joint taxable income over \$75,000. . .every city resident who files a state income tax return would be required to file a city income tax return. . .returns would generally be due 4/15. . .failure to file returns or pay the city tax would result in penalties and interest. . .employers would not be required to withhold the city tax from employee paychecks. . .amounts collected would be used to reduce the number of teacher layoffs, restrict the growth of class sizes, and minimize the number of days schools are closed.

◆ **Oversight:** The school districts would be required to deliver to the Eugene City Council each year reports detailing how revenue collected was spent. . .a review panel of 12 Eugene citizens would also monitor implementation.

◆ **Also Facing Local Voters:** An entirely separate measure, 20-183, will also be on the ballot for Eugene residents. . .the measure seeks to maintain current property tax rates for schools at about \$1.30 for every \$1,000 of county assessed real property values. . .rejection of the measure would drop the tax rate to \$1.21. . .passage would raise about \$70 million. . .amounts received from the bond sale would be used primarily for repair and maintenance of Eugene schools.

MEANWHILE, ON THE NATIONAL FRONT:

Among the significant and trivial items on the federal tax radar screen these days:

◆ **Repeal of 1099 Reporting Requirements:** Rules that would have greatly expanded Form 1099 reporting were repealed by Congress last month. . .1099 forms are commonly used by taxpayers to report to IRS and recipients payments of more than \$600 per year for services rendered to the taxpayer's business. . .payments to corporations have always been exempt from reporting. . .various parts of recent tax legislation sought to greatly expand those requirements to include payments made to corporations, payments made for merchandise, payments made by landlords, etc. . .repeal of the proposed changes returns 1099 reporting requirements to those in effect for 2010.

◆ **Talk of Comprehensive Tax Reform, Yet Again:** U.S. Rep. Dave Camp of Michigan, chair of the House Ways and Means Committee, weighed in with his ideas recently. . .Camp wants to lower top tax rates from 35 to 25 percent. . .a variety of tax breaks would be eliminated however. . .thus the inherent problem for every politician opining on this conversation. . .which of your constituents do you want to anger by eliminating tax breaks that directly favor them?

◆ **Just Who's Paying for All This Government?** Eugene Weekly recently ran a column by David Cay Johnston. . .Johnston, a former tax reporter for the New York Times and Pulitzer prize winner, argues stridently that current U.S. tax policy unfairly favors the wealthy. . .Johnston points out that most "average" Americans now pay more than 20 percent of their income in taxes while the wealthiest Americans pay less than 17 percent. . .since Ronald Reagan was elected president in 1980, the bottom 90 percent of Americans have seen their personal income increase about one percent while average income for the top one percent have more than doubled. . .Johnston points to the social security tax as unduly burdensome for low wage earners, as the tax is only assessed on the first \$106,800 of wage income. . ."Warren Buffet pays the exact same amount of Social Security taxes as someone who earns \$109,800," Johnston noted.

◆ **You really Don't Want to Mess with the IRS:** Time/CNN recently posted its list of 10 riskiest tax moves. . .topping the list was a South Carolina man who burned down his own home, claimed a casualty loss on his tax return, and was denied the deduction (oh, and there was that pesky little arson charge he had to deal with too). . .declaring your belief that the tax code is unconstitutional in support of filing a frivolous return can result in a \$25,000 civil penalty. . .failing to file returns at all resulted in the harshest consequence for Wesley Snipes, who recently reported to federal prison for missing several year's of returns. . .other Hollywood luminaries in hot water with Uncle Sam and the IRS include Martin Scorsese and Al Pacino who are fighting IRS tax liens.

Finally, a big shout-out to our own Jan Taylor. Virtually all of our payroll and bookkeeping clients know Jan, who recently passed her certified payroll professional examination (including a perfect score on the accounting section!). Congrats Jan!