



Quote of The Day

"A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty."

Winston Churchill

Timing for Businesses and Services

There is a substantial difference between taxpayers who report on a cash basis, and those who report on a regular commercial basis (accrual). The former account for monies actually received during the tax year and expenses actually paid; the latter report on income earned - irrespective of whether received - and expenses actually incurred. This distinction is of much significance, as it relates to the tax planning device of timing income and expenses within the fiscal year.

Wills and Estate Planning

Since this topic is not accorded the attention it deserves, may we once again stress the importance, in planning your personal affairs, of periodic review of your last will and testament, and giving thought to the manner in which you have planned your investments, life insurance and cash resources, bearing in mind the needs of your family. Clients are advised to take counsel on assets held in foreign countries, as there may be material Estate/Death Taxes upon death.

Negotiating Secrets: How to Get the Best Deal Every Time - On Everything - Every Time (By Selwyn Gerber, C.P.A. of Gerber & Co., our associates in California)

There are few ways to make money faster than by negotiating. If five minutes of haggling knocks \$100 off the price of a new car, you have made money at the rate of \$1,200 *an hour*. Hotel rooms may be one of the most negotiable purchases you can make. *And just imagine your hourly earnings rates on real estate - if you can get the price down.*

Whether you're buying a car or a house ... asking for a raise ... or trying to get a discount on a hotel room, you can learn to negotiate successfully.

Here are the strategies I teach to help people become better, more successful negotiators ...

- The single most important word in power-negotiating is "if".
- Ask lots of questions.
- It's no coincidence that "listen" and "silent" are composed of the same letters.
- Try to distinguish wants from needs. People tell you what they want. It helps enormously to understand why.
- Get the other side to commit to a price first.
- When you make a statement, also be sure to tell them the basis for your position.
- Never say *yes* too quickly.
- Mastering the *flinch*.
- Always give yourself options.
- Be prepared to walk away.
- Never offer to split the difference.
- Always ask for a trade-off.
- Make it easy for the other side to say *yes* to you.

(Abridged; For full version, see www.GerberCo.com)

Year-End Tax Tips

Some tax-reducing thoughts - still for 2009:

- Review inventory closely, with a view particularly for dead/obsolete items - will reduce closing inventory and taxable income.
- Check your 2008 asset/depreciation schedules for items no longer in use or obsolete; these may be fully depreciated in 2009 if the above applies.
- Capital gains may be reduced by realised capital losses; assets/investments that reflect paper losses, and are unlikely to rise in value in the very near future, may be suitable candidates for review.
- Capital losses on securities arising in 2009 may be offset with income from dividends and interest on securities received in 2009. This includes dividends from private companies.
- Recognition for charitable contributions requires Section 46 approval, and must be made (and receipted) before Dec. 31.
- Give close attention to expenses that may be deductible - business and investment.
- Review dividend strategy, where relevant.

Forget-Me-Nots for 2010

- Annual payroll reports (Form 0126) by April 30th.
- Annual withholding tax reports (Forms 856, 857, etc.) on payments to sub-contractors, suppliers of services, rental of premises, interest, etc. - by April 30th.
- 10% tax 'route' on residential income for 2009 to be reported by January 30, 2010.
- Annual Amutah Licence Fee (to Registrar of Amutot) - payable by March 31st.
- Annual Company and Registered Partnership Licence renewal fees - payable by the end of February; non-receipt of renewal vouchers does not exempt you from timely payment. Payment may also be expedited on the Internet.
- Interest and linkage on tax debts - not charged (on 2009 debts) if paid by January 31st, end of February, 50% reduction, end of March, 25%).

Food for Thought

"You cannot legislate the poor into prosperity by legislating the wealthy out of prosperity. What one person receives without working, another person must work for without receiving. The Government cannot give to anybody anything that the Government does not first take from somebody else. When half of the people get the idea that they do not have to work because the other half is going to take care of them, and when the other half gets the idea that it does no good to work because somebody else is going to get what they work for, that my dear friend, is the beginning of the end of any nation. You cannot multiply wealth by dividing it." (Adrian Rogers, 1931)

Time for Action

This is an opportune time to do business and tax reviews based on the results of the first ten months, and forecasts for the last quarter of 2009, and we strongly encourage you to do so.

Economies are still in recession worldwide, despite moderate changes in Israel and elsewhere. We strongly advise clients to plan (and act) accordingly. The implications are both financial and business.

We would like to meet with you to discuss these and related matters; to this end, kindly forward financial results to us, together with a brief forecast/budget for 2010, including explanations.

Firm News

Welcome back Gidon, a seasoned member of our 'team', who has returned after two years of working with a large CPA firm in Los Angeles.