

Here's some information compiled from emails sent by Ron Mueller. Ron is the author of 'It's How Much You Keep That Counts, Not How Much You Make' and shares some great information through his emails.

If you don't have a copy of his book, you should pick one up and can do that by visiting www.X1Tools.com.

The Final Word:
YES, "COMMUTING" IS TAX-DEDUCTIBLE, IF...

There is so much misinformation about this subject among home-based business owners, and so much lack of information among tax professionals, it's time to set the record straight -- authoritatively!

My source is Internal Revenue Ruling 99-7, as amplified by 1999-5 Internal Revenue Bulletin 4. (Those are the sources you may need, in order to convince your own tax pro that s/he may be "less than fully informed.")

Most tax pros know that IRS Regs, Section 1.62-2(e) and 1.262-1(b)(5) state that the costs of commuting between a taxpayer's residence and his/her place of business or employment are non-deductible personal expenses.

HOWEVER, if they kept reading...they would see these words: "However, the costs of going between one business location and another business location generally ARE deductible under Section 162(a), Rev Rul 55-109, and 1955-1 C. B. 261.

Section 280A(c)(1)(A) explains how a taxpayer may claim a "home office" deduction. (That's covered in Chapter 4 of "It's How Much You KEEP, That Counts! Not how much you Make.)

In the case of *Curphey v. Commissioner* [73 T.C. 766 (1980)] the Tax Court's decision was that such expenses "were deductible where the home office was a taxpayer's principle place of business."

HERE is the DEFINITIVE STATEMENT in the Court's WRITTEN decision:

"We see no reason why the same (IRS) Rule which states that local transportation expenses incurred in travel between one business location and another are deductible, should not be equally applicable where a taxpayer's principle place of business, with respect to the activities involved, is in his residence."

Need more "proof?" Okay, here is what IRS Revenue Ruling 94-47 (the most current statement on the subject) says verbatim:

"If the Taxpayer's residence is the taxpayer's principle place of business within the meaning of Section 280A(1)(A) - i.e., YOU HAVE A HOME-OFFICE - the taxpayer MAY deduct daily transportation expenses incurred in going between the taxpayer's RESIDENCE and ANOTHER work location in the same trade or business, regardless of distance."

What does "in the same trade or business" mean? I cover that on page 93, but let me repeat it.

Revenue Ruling 99-7 says, and I quote, "Where an employee has two separate employers, BOTH such positions constitute part of the employee's trade of business."

HOW MUCH DOES THIS MEAN TO YOU?

How many miles do you drive to your W-2 job?

Multiply that number by 2, to get your round-trip daily commuting distance.

Multiply that number by 5 to get your weekly commuting mileage.

Next, multiply that by 50 weeks, to determine how many 'commuting' miles you travel in a full year.

Finally, multiply that number by \$0.585 - the per-mile tax deduction for business use of your personal vehicle.

THAT'S HOW MUCH THIS IS WORTH TO YOU.

For example:

Let's say you drive 12 miles to work.

$12 \text{ miles} \times 2 = 24 \text{ miles per day, roundtrip.}$

$24 \text{ miles} \times 5 \text{ days/week} = 120 \text{ miles per week.}$

$120 \text{ miles} \times 50 \text{ weeks/year} = 6,000 \text{ miles per year.}$

$6,000 \text{ miles} \times \$0.585 = \$3,510.$

**\$3,510 = THE AMOUNT OF YOUR NEW,
ADDITIONAL TAX DEDUCTION!!!**

NEW PUBLICATION DESCRIBES TAX RULES OF FORECLOSURES

Unfortunately, this information may be needed by a lot of my readers. If you are facing the possibility of foreclosure you'll want to know what the tax consequences will be. It's spelled out in IRS Publication 4681. Click here to get it: <http://www.irs.gov/pub/irs-pdf/p4681.pdf>

THE RULES JUST GOT EVEN TIGHTER ON CONTRIBUTIONS TO CHARITY

The IRS has always assumed that all taxpayers cheat, but now they've stooped to a new low. They won't even believe you tell the truth about the amount of cash you put in the offering plate at church. New rule: Charitable gifts of any size, no matter how small, are deductible only if you can show a cancelled check, a bank record or a receipt on the charity's or church's letterhead.

When you are donating used clothing or household goods, IF they are in "good or better condition" you won't

need an appraisal unless you claim the value of an individual item to be greater than \$5,000. BUT, if an item is in "less than good condition," you'll need an appraisal if it's over \$500 (not \$5,000).

Guess who determines the condition if the item you are donating? Normally it's you!

IF YOU'RE HOME-BASED BUSINESS IS FINANCIALLY SUCCESSFUL, READ THIS!

There are lots of tax laws that now favor small and home-based businesses, and it requires only a profit intent to qualify for them.

But once your business actually becomes profitable, there is another whole level of deductions available, AND the ones for start-ups or financially struggling businesses still apply -- and become even more valuable.

Normally you would pay a tuition of \$1895 for a tele-course that teaches these tax savings strategies. But right now you can get it for only \$695 - thanks to a \$1,200 scholarship you can qualify for automatically from now through Labor Day Monday. And ---

- The \$695 is tax-deductible,
- You can even finance it over 3 payments,
- And you get a 100% money-back guarantee!

It's called "TAX ESSENTIALS for the Successful Home-Business Professional," and includes seven 90-min. tele-sessions/webinars conducted on 7 successive Thursday evenings. All sessions are recorded and available for playback or for download as MP-3 files.

This huge scholarship is available only for the course beginning Sept. 4, and enrollment deadline is Sept. 1. Get details at http://homebusinesstaxsavings.com/new_home/telecoaching-courses2.php

WHO PAYS THE MOST TAXES IN AMERICA? YOU MAY BE SURPRISED!

Politicians are the last people we want to turn to for "factual information," especially in an election year. Each party, and each politician, has its own version of the "facts."

Here are some surprise statistics from - of all places - the IRS.

Looking at the HIGHEST income earners:

The top 1% of all tax filers paid 39.9% of all federal income tax.

The top 5% of all tax filers paid 60.1% of all federal income tax.

The top 10% of all filers paid 70.8% of all federal income tax.

The top 50% of all filers paid 96.9% of all federal income tax.

Looking at the LOWEST income earners:

The bottom half (50%) of all tax filers paid only 3% of all taxes.

The bottom 10% actually got back more than they paid in.

So as we watch the political game play-out during the next 2+ months, whenever we hear some candidate emphatically calling for "tax relief for the poor," do they mean that the bottom 50% should pay less than 3% of all federal taxes, or do they mean that the bottom 10% should make even more money from the tax system?

