

February 2012

**Brennan & Associates Newsletter****Tax Season - Volume 2****In This Issue**

Elder Care Protection

Audit Triggers

Investment Club

**Quick Links**[www.brennantax.com](http://www.brennantax.com)[www.irs.gov](http://www.irs.gov)[www.pa.us.gov](http://www.pa.us.gov)[www.phila.gov](http://www.phila.gov)**Important Dates to Remember**February 29, 2012-  
Form 1099's Due to ContractorsMarch 15, 2012-  
Corporation Tax Returns DueApril 17, 2012-  
Individual Tax Returns Due**Quotes for Tax Season**

Have patience. All things are difficult before they become easy.  
*Saadi*

Good humor makes all things tolerable.  
*Henry Ward Beecher*

The steps of faith fall on the seeming void and find the rock beneath.  
*John Greenleaf Whittier*

**Dear Friends,**

Happy February! Winter has not been too bad and since most, if not all of us, have received our W-2's; we should be ready to file our tax returns. The process for tax filing is made easier by completing a tax organizer. This helps to organize your thoughts and recreate what happened during the year.

In completing the organizer, you want to make sure your numbers are completely accurate. We always look at previous tax returns to advise you of a possible mistake. This can also keep you from triggering an audit. We discuss potential audit triggers in this newsletter.

Another topic that seems to dominate the news is the dramatic rise in Elder Financial Fraud. We discuss an article and provide a link to get more information on this very important topic.

Finally, in response to many questions regarding finances, we have decided to initiate an investment club. We will provide some particulars on how you can get involved, meet other people with a similar interest and learn about the complex world of investing. As an investment club, the purpose is primarily educational but everyone has an equal voice in any club decision-making.

**Hope to see you soon,**

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**Protecting the Finances of the Elderly**

I recently encountered this article on a topic that is near and dear to my heart. This article by author and documentarian Pamela Glasner engages the topic of protecting the elderly when they are the victims of fraud, embezzlement, or other forms of financial crime. Please click the link below to read the full article.

[Who Protects and Serves When the Elderly Are Fleeced?](#)



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## Audit Triggers

How is it that some tax returns never seem to get audited while others are audited? IRS statistics provide insight into this question. Income plays a role in the decision as do the sources of taxpayer income. If you make more than 200k you have a better chance of being audited than someone making less. Independent Contractors that make more than 100k are also audited more often than their high earning counterparts who receive a W-2. No surprise, but if you make more than a million dollars your chance goes down of being audited.

Certain tax return disclosures make your return more likely to receive the "once-over" from the IRS. Foreign Bank Accounts and Foreign Currency Investments and Transactions receive greater scrutiny. Cash based businesses and home businesses and those that take the Home office deduction have a greater likelihood of audit. Those with rental properties and the deductions these create through depreciation, and other positive tax code allowances, are audited more often than the public at large. Finally, those with large charitable deductions are often audited and if the deduction is of a tangible nature, an appraisal may be required.

The vast majority of tax-payers only face a .5 % to 1.33% chance of audit. Knowing the underlying audit risks and documenting certain transactions, in advance, can reduce the risk of a bad outcome, should an audit occur.

## Tax Organizers

Tax organizers were e-mailed in January. If you did not receive an organizer please click "Join Our Mailing List" to the left, and e-mail us at [sean@brennantax.com](mailto:sean@brennantax.com) to let us know you'd like an organizer. You can also print out a blank organizer by visiting our website and clicking on Resources.



## Investment Club

There seems to be a lot of interest for clients to become more involved and to learn about investing. The best way to learn anything is experientially.

I think an investment club would be the best way to reach as many people as possible regarding this hot topic and create a direct learning experience.

Below is a link to a SEC website on investment clubs. This club would be the kind with equal individuals making decisions and discussing investments and possibly investing, small amounts, based on the recommendations of the group. Online software exists to track everything up to the minute and information is easily disseminated. No commissions or fees will be paid to anyone for advice.

[SEC Link](#)

# Save 35%

Please consider referring business or individual clients to us and we will reduce your tax return fee by 35% or up to a maximum of \$150. This reduction is for all new, paid referrals in calendar 2012.

We appreciate your business to us over the years. Call or e-mail with questions at 215.951.5585 or [sean@brennantax.com](mailto:sean@brennantax.com).

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