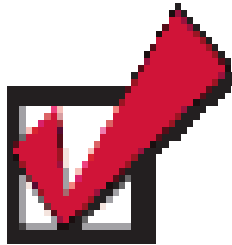




October 28, 2004

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**Tuesday is
IMPORTANT,
Please VOTE!**

**The decisions we make will affect the
rest of our lives.**

YOU ARE INVITED

Have you wondered what will happen to your business, your legacy, in an uncertain future? Will everything go the way you want?

The second seminar sponsored by the Silverton Area Chamber of Commerce will be held on Tuesday, November 9, 2004, at the Silverton Community Center. As a member of the panel, I found the first seminar useful and informative. The material is labeled "BUSINESS KILLERS" and is being presented throughout the region. I understand most other Chambers are charging \$25 - \$30 to attend. In Silverton, it is FREE.

The content deals with major questions that many small business people don't have answered. Issues like: Disability, Business succession, Retirement plans, IRS tax impacts are presented for consideration. If you have questions about these areas or others, this is a good opportunity to learn about solutions (at a good price). And it only takes a couple hours out of your morning.

Please call the Chamber at 503-873-5615 or 503-221-1211 to reserve your seat, and I'll see you at 8:00 am



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Medicare discount drug cards

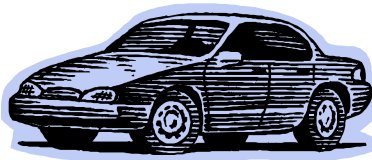
According to an article by Marilyn Werber Serafini, in the National Journal in August, "the temporary discount drug cards created under the new Medicare law can save senior citizens as much as 18 percent off retail prices on brand-name drugs, and 65 percent off national average prices for generic drugs," boasts Mark McClellan, Medicare's administrator. "Moreover, if seniors switch some of their brand-name drugs to generics, the savings can be as great as 92 percent off retail prices. The cards cost \$30 a year at most, and some are free."

So, if the card is such a no-brainer, then why aren't seniors pushing their way to the front of the line? Why the slow uptake? Even though such eye-opening savings are available, finding the best card is difficult, and many seniors have refused to try the system out.

I used my parents as a test case. And the system is not easy to figure out. By using the Medicare

website and a list of your current prescription costs you can find out the savings and comparisons of several plans. In my parents case the cost of the cards totals \$35, but the annual savings on their prescriptions will be over \$2,500! That's a great deal! On just one drug the monthly cost dropped from \$75 to \$10.

Since each family has differing situations their results will vary also. But this benefit is worth the time and effort for everyone on Medicare to look it over.



Need a New Car?

The IRS has certified the Toyota Prius for model year 2005 as being eligible for the clean-burning fuel deduction, which means taxpayers who purchase this vehicle new, may claim a tax deduction of \$2,000 on Form 1040.

Under the recently signed Working Families Tax Relief Act of 2004, the clean-burning fuel deduction is up to \$2,000 for certified vehicles first put into service in 2004 and 2005. The deduction will be limited to \$500 for vehicles placed in service in 2006, and no deduction will be allowed after that year.

The one-time deduction must be taken in the year the vehicle is originally used and the taxpayer must be the original owner. Individuals take this benefit as an adjustment to income on Form 1040, and they do not have to itemize deductions on their tax returns to claim it.

The IRS previously certified the Toyota Prius for model years 2001, 2002, 2003 and 2004.

The IRS also previously certified the Honda Insight for model years 2000, 2001, 2002, 2003 and 2004 and the Honda Civic Hybrid for model year 2003 and 2004.

If you bought one of these, did you take the deduction?

Another New Tax Law!

I find myself reading several hours each day, trying to keep up on the constant changes in the laws. Here are some gleanings that may be of interest to you.

The *American Jobs Creation Bill of 2004 (H.R. 4520)* culminates a two-year effort to fix foreign relations problems in the tax code. But they did much more at the last minute. The 270-plus provisions within the tax legislation add more complexity to the tax law. As the fifth major tax cut in four years, the law will require integration of its changes into an already existing web of statutory directives.

Many provisions in the new law require immediate action to maximize benefits and avoid problems. Effective dates, however, are all over the map, which only adds to the initial confusion caused by this major tax law.

Among the changes - this law:

- Creates a new tax deduction for manufacturers — affecting nearly 1 million establishments (to encourage domestic activities)
- Continues enhanced small business expensing for two more years (that leaves the \$100,000 limit per year in place through 2007)
- Eliminates the SUV expensing loophole, so that business owners can no longer deduct the full cost of sports utility vehicles under the Code Sec. 179 expensing rules. The deductible amount is capped at \$25,000 for property placed in service after October.
- Accelerates depreciation for leasehold and restaurant improvements — affecting over 875,000 restaurants alone
- Makes significant changes to S corps rules
- Allows a deduction up to \$5,000 of start-up and \$5,000 of organizational expenditures in the tax year in which a new trade or business begins, rather than the 60 month amortization under prior law.
- Simplifies international taxation
- Gives certain farmers and fishermen some tax relief
- Toughens tax shelter and reportable transaction penalties
- Tightens vehicle donation rules (see below)
- Gives a variety of tax breaks to very specific industries.

Watch for further details in future newsletters.



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Therefore, if you intend to make such a gift, do it before 12/31/04.

intended use.

Effective for 2005 under the new law the deduction is limited for a car, boat or plane with claimed value over \$500 that is given to charity. Instead of "blue book" estimates, the deduction is capped at the charity's proceeds from sale of the vehicle. If the charity sells the vehicle, it must provide a notice to the taxpayer and to the IRS stating the sale price. If the charity keeps the vehicle for its own use, it must provide a certification of the

As part of the latest tax law Congress decided to solve a growing problem. Many people have been donating cars or trucks to charity and claiming a donation deduction based upon the "blue book" value of the car. Many times these values were inflated and the charity actually received significantly less when the vehicle was sold.

Vehicle Donations Will be Limited