

Accounting & Tax Solutions, Inc. Newsletter

Fall Tax Tips and Info.

In This Issue

[Who Pays Taxes?](#)

[Roth IRA Conversion Opportunity](#)

Quick Links

[Accounting & Tax Solutions](#)

[2009 IRS Tax Calendar](#)

[IRS](#)

[Join Our Mailing List!](#)

Who Pays Taxes

Upper incomers continue to bear a record share of the income tax burden. The top 1% of filers paid 40.4% of all federal income taxes, up from 39.9% in the previous year, according to IRS data for 2007, the most recent year available. Yet those taxpayers made just 22.8% of the total reported adjusted gross income. The minimum level of AGI needed to be in the top 1% hit a new high... \$410,100.

The highest 5% paid 60.6% of total income tax and made 37.4% of all AGI. They each had adjusted gross incomes of at least \$160,000. The top 10% of filers, those who had AGIs of \$113,000 or higher, bore 71.2% of the overall tax burden, while garnering slightly more than 48% of the adjusted gross income.

The bottom 50% of all filers paid just 2.9% of the total income tax bill. Their share is so low because Social Security taxes are not included in the figures and because many of them get substantial tax relief from the earned income credit.

Roth IRA Conversion Opportunity

Taxpayers with adjusted gross income over \$100,000 will be able to convert their regular IRA's to a Roth IRA in 2010. Currently, only taxpayers with AGI of \$100,000 or less are allowed to do conversions.

Added benefit- Taxpayers may elect to pay the tax on their 2010 conversion on their 2011 and 2012 tax returns.

Converting early in 2010 may help tax wise- You owe tax on the value of the IRA as of the conversion date. Assuming the Roth value grows during 2010 you will owe less tax than if you waited until later in the year to convert. If the Roth's value drops, you can un-convert without paying any income tax, as long as you do so by the due date of the 2010 tax return plus extensions.

This is a one year opportunity only (as of now).

If you would like to discuss this further please contact your ATS representative. You should also discuss this with your financial planner.

[Link to an MSN article, which goes into more detail.](#)

Important Deadlines

September 15th

Individual

3rd Qtr. estimated tax payments

Partnership

File 2008 tax returns

Corporation

File 2008 tax returns

3rd Qtr. tax payments

September 21st

Sales Taxes

October 15th

Individual 2008 tax returns on extensions

Sarah St Clair
Accounting & Tax Solutions, Inc.

Business Referral Rewards

\$150.00

Refer a business that becomes a monthly accounting or consulting client and receive a \$150.00 referral Thank you.

You may Choose from one of the Following

- Credit toward your monthly bill
- Visa Gift Card
- Spa Day Certificate at Spa of your Choice
- Bass Pro or Dicks Sporting Goods Certificate

Refer 5 new monthly accounting clients and be our guest for the weekend at either The Brown Palace or The Broadmoor.