



GELT & GRASSGREEN P.C.

Theodore Z. Gelt
Randi M. Grassgreen
Kristen L. Sweat
Joyce A. Bowman

Attorneys and Counselors at Law
303 E. 17th Avenue, Suite 910, Denver CO 80203
303.830.1200 *telephone* 303.830.9400 *fax*
866.670.9316 *toll-free*
gg@gelttaxlaw.com

Of Counsel:
Jeffrey M. Nobel
Mark A. Vogel

Louis E. Gelt (1908-1997)

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RE: Year End Tips & the Gelt & Grassgreen Annual Update

Year End Tips

Although there are only two weeks left in 2007, it is not too late to implement some or all of the following year end strategies. These are simple actions that individuals and couples can take to improve their overall tax picture. We hope you find these 'tips' helpful and informative.

Make Charitable Year End Gifts

Any taxpayer who itemizes is entitled to a charitable deduction, which will reduce their tax liability, by making charitable contributions of money or property to a qualified organization. While the deduction for charitable contributions is generally limited to 50% of the taxpayer's adjusted gross income (AGI), in some cases 30% or even 20% limits may apply depending on the type of property you contribute as well as the type of charity to which the contribution is made. AGI includes all of your gross income, adjusted for certain allowed deductions.

Deplete Health Flexible Spending Accounts (FSA's)

Employees who participate in employer sponsored FSA's should know that medical expenses, generally, must be incurred prior to year's end. While the IRS will allow employers to provide an additional 2½ month grace period in which employees may incur expenses, not all employers provide this opportunity. Employees can check with their employers to see if such a grace period applies, but should deplete their accounts prior to December 31 by purchasing items (e.g., new contact lenses) so that remaining funds are not lost.

Sales Tax Deduction

Unless Congress moves quickly, after 2007 taxpayers will not have a choice whether to deduct state and local sales tax or income tax as an itemized deduction, but will only be able to deduct income tax. If you are a taxpayer who is planning on deducting your sales tax, and you have also been contemplating purchasing or leasing a new vehicle, boat or any other item that would generate a high sales tax, you may want to make this purchase in 2007 and take advantage of the opportunity to deduct the sales tax.

Tax Breaks Set To Expire or Phasing Out

The following tax breaks are either set to expire after 2007, or will soon be phased out. Taxpayers may wish to accelerate expenses in 2007 in order to take advantage of the following:

- * Taxpayers age 70½ years or older may distribute up to \$100,000 of assets from an individual retirement account (IRA) without paying tax on the distribution of funds.
- * Tax payers may receive tax credits for qualifying energy-saving home improvements (e.g., installation of energy saving windows or adding extra insulation); such credits are set to expire after 2007.
- * A taxpayer may claim a tax credit for purchasing certain qualified fuel efficient cars (e.g., qualified fuel cell motor vehicles, advanced lean burn technology motor vehicles, and qualified alternative fuel motor vehicles) even if the vehicle is for personal use. This credit is phased out over time after the manufacturer has sold over 60,000 of these vehicles. While the credit is no longer available for Toyota fuel efficient vehicles purchased after October 1, 2007, or for Honda fuel efficient vehicles purchased after January 1, 2008, the full credit is

available for fuel efficient vehicles manufactured by Nissan, Ford, Mazda and GM at least through March 31, 2008.

Annual Gelt & Grassgreen Update - * Billing Rates (Effective 12/21/2007)

<u>Billing</u>	Standard
<u>Attorneys</u>	<u>Rate Per Hour</u>
Theodore Z. Gelt	400.00
Randi M. Grassgreen	300.00
Kristen L. Sweat	200.00
Joyce A. Bowman	170.00
Jeffrey M. Nobel, Of Counsel	350.00
Mark A. Vogel, Of Counsel	350.00
<u>Law Clerks</u>	150.00
<u>Paralegals</u>	85.00/150.00

*** Fees related to tax advice are deductible**

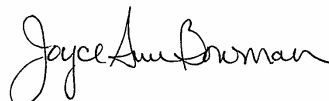
Identity Theft Addendum

We have included an addendum which contains tips to prevent or avoid identity theft that we have found to be useful.

We hope that you found this information helpful. Please contact us if you have any questions on these matters. Our firm extends best wishes for a happy, healthy and prosperous 2008!

Very truly yours,

GELT & GRASSGREEN P.C.



Joyce A. Bowman, Esq.

This newsletter has been prepared by Gelt & Grassgreen P.C. to provide information on recent legal developments of interest to our readers. It is not intended to provide legal advice for a specific situation. We would be pleased to provide such legal assistance as you require on this and other subjects.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (I) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Addendum

Tips to Help Prevent or Minimize Identity Theft and Fraudulent Use of Your Credit

(compiled by Scott Davidson, CJF, CEO, *Ink & Anvil*)

1. Do not sign the back of your credit cards. Instead, write "PHOTO ID REQUIRED."
2. When you are writing checks to pay on your credit card accounts, DO NOT put the complete account number on the "For" line. Instead, just put the last four numbers. The credit card company knows the rest of the number, and anyone who might be handling your check as it passes through all the check processing channels won't have access to it.
3. Put your work phone on your checks instead of your home phone. If you have a PO Box, use that instead of your home address. If you do not have a PO Box, use your work address. Never have your SS # printed on your checks. You can always add it if it is necessary, but if you have it printed, anyone can get it.
4. Place the contents of your wallet on a photocopy machine and copy both sides of each license, credit card, etc. This way you will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep the photocopy in a safe place. Also, carry a photocopy of your passport when traveling.
5. We have been told we should cancel our credit cards immediately, but the key is having the toll free numbers and your card numbers handy so you know whom to call. Keep that information where you can find it.
6. File a police report immediately in the jurisdiction where your credit cards, etc., were stolen. This proves to credit providers you were diligent, and this is a first step toward an investigation.
7. Call the 3 national credit reporting organizations immediately to place a fraud alert on your name; also call the Social Security fraud line number. The alert means any company that checks your credit will know your information has been stolen and they have to contact you by phone to authorize new credit.

Equifax: 1-800-525- 6285

Experian (formerly TRW): 1-888-397-3742

Trans Union: 1-800-680-7289

Social Security Administration (fraud line): 1-800-269-0271