

Paul F. Muret, CPA, MBA

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11502 E 101st St N - Owasso, OK 74055

Phone: 918-274-3698 Fax: 918-274-4661

Paul@muretcpa.com - www.muretcpa.com

Financial and Tax Planning

PAUL F. MURET, CPA, MBA

A Note from Paul

As summer comes to a close and the season changes into fall, now is the time to get your tax and financial records together for next years' tax return. This newsletter has some information on charitable deductions and the deductibility of job hunting expenses. Don't forget I am offering 20% off of your next tax return or service for every new client that you refer me. As always, if you have questions, please feel free to call me. - Paul

New Web Site - www.muretcpa.com

I recently completed the design and launch of my new website, www.muretcpa.com. There you can access most of my previous newsletters, some helpful tax and financial links as well as a listing of most of the services that I provide for businesses and individuals. Previous newsletters have covered topics such as Estate Planning, Tax

Planning, Home Ownership, and Education Tax Benefits, to name a few. If you'd like to see something added to the site, send me an email and let me know.

I also have a new email address: paul@muretcpa.com.

The Ins and Outs of Charitable Contributions

Helping charitable organizations through donations of cash, property or time is very refreshing in that you do something to help those less fortunate than yourself, and all of your donations can help you save on taxes to a certain degree. I'll run down the ins and outs of each way of giving and what is deductible for each method.

A charitable contribution is

a voluntary contribution or gift of property to certain qualified charitable organizations. A charitable contribution must be given without present or future expectation of any monetary or economic benefit to be derived from the contribution. Under [Code Section 170](#), individuals who itemize their deductions are entitled to deduct to a qualified charitable organization.

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The Ins-and-Outs of Charitable Contributions, Continued

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An individual's deduction for charitable is included on Schedule A of Form 1040.

Cash donations are the most common form of donations. The most common of these are tithes to churches and entities such as the United Way. It is best to get a receipt from the entity that you are donating to, so that you have proof of your donation in case you get audited by the IRS or Oklahoma Tax Commission and need to substantiate your claim for a charitable deduction.

Another popular form of donations is property. Taxpayers are entitled to take a charitable donation deduction for the Fair Market Value of the property at the time the donation is made. Several charities such as Goodwill and Salvation Army take household goods such as clothes and furniture. They will give you a receipt at the time of donation that will state the Fair Market Value of the goods donated. Additionally, some charities will accept automobiles and other larger assets. Be sure to get a receipt for these large items.

The third way to donate is by volunteering to help charitable organizations. Although you are not entitled to deduct the value of your time contributed, you can deduct out-of-pocket expenses directly connected with and solely attributable to the performance of services for a qualified charitable organization may qualify for a charitable

contribution deduction. For example, the cost of a uniform without general utility that is required to be worn in performing donated services is deductible.

Similarly, out-of-pocket transportation expenses necessarily incurred in performing donated services are deductible. You can either deduct your actual cost of transportation or use the standard mileage rate for charitable activities which is 14 Cents per mile. Often people who volunteer as a Sunday School teacher at church can take the mileage deductions for their trips to church. Also people who volunteer for a charity such as Junior Achievement where you have to travel to a school to perform your volunteer teaching can deduct the mileage to and from the school as well as any out of pocket expenses.

Hopefully this overview has helped clarify what is deductible as a charitable donation. Always keep good records and expenses for whatever method you are donating by and make sure that the entity that you are donating to is a qualified charitable organization. If you have a question as to if an organization is a qualified organization, give me a call and I will look up the entity in question and let you know. The IRS has a list of qualified organizations that they have deemed eligible to receive deductible contributions. Or you can look it up on the IRS website, It is Publication 78.

Changed Jobs recently? Let me help you rollover your retirement money into an IRA that you can direct.*

Disclosure: The information provided in this newsletter is of a general nature and isn't intended to address the circumstances of any particular individual, business or other entity. Please consult your CPA or Attorney if you have questions or concerns.

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Deductibility of Job Hunting Expenses

**Act Now to
Cut your Tax
Bill for 2003**

Hopefully nobody is out of work, but if you are the costs of your job hunting is tax deductible. Here is the information that you need to deduct your job hunting expenses.

A taxpayer who is in the trade or business of being an employee can deduct expenses incurred in looking for a new job in her present occupation, even if she is unsuccessful in the job search. The occupation of an unemployed taxpayer is the kind of work performed for her past employer.

A taxpayer who has never been employed (or otherwise engaged in a trade or business) may not deduct job search expenses, even if she finds a job, because she did not have a trade or business when the expenses were incurred. Similarly, a taxpayer who has a substantial break between the time of her former job and looking for a new one cannot deduct job search expenses because she is no longer engaged in a trade or business.

A temporary job in an unrelated trade or business is no bar to taking the deduction for expenses incurred in searching for employment in the field that the taxpayer had previously been employed.

Deductible job search expenses include typing, printing, and postage expenses, and fees paid to an agency to provide services to improve the taxpayer's job opportunities in the taxpayer's current trade or business.

If, in a later taxable year, the taxpayer's employer reimburses the

employment agency fees, the taxpayer is required to include the amount in gross income, to the extent of the tax benefit. However, the taxpayer is not required to include employment agency fees in gross income if the taxpayer's employer pays the fees directly to the employment agency and the taxpayer was not responsible for them.

Even if employment is not secured, job search expenses and fees are deductible. Similarly, expenses for career counseling are deductible if they are incurred in an effort to find other employment in the same trade or business.

A taxpayer who travels away from home to look for a new job in her present occupation can deduct travel expenses if the trip was primarily for the purpose of looking for a new job. If the taxpayer also engages in personal activities during the trip, the amount of time the taxpayer spends on personal activity compared to the amount of time spent in looking for work is important in determining whether the trip is primarily personal. Even if the travel expenses are not deductible, the expenses of looking for a new job in the taxpayer's current occupation while away from home are deductible.

Be sure to keep a log of interviews and trips made, your mileage is deductible. The 2003 rate is 36 cents per mile which adds up fast. As always if you have questions, or need clarification, contact me.

**Shannon
Ragsdale,
Attorney at
Law is offering
a Basic Will
Packet which
includes a
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only \$349 per
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for one. Call
today 274-3698.**

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Email: paul@muretcpa.com



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*Solid Financial Advice for
the 21st Century*

In Closing.....

If you have a question as to how to save more on your taxes, give me a call to set up a meeting to review your situation. I am currently setting up appointments for review and planning for businesses and individuals. There are still things we all can do to save on taxes. Remember, It's not to late to make a difference for 2003...as long as you act before January 1, 2004!