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Year-End Tax Planning

Being proactive eliminates surprises and optimizes results



A few thoughts from Steve Levitt, shareholder with emphasis on taxation

As we approach the final quarter of 2009, it is time to consider year-end tax planning strategies. While tax planning is a year-round measure, it is a good idea to summarize your tax position before year-end. Doing so allows you to:

1. Understand your tax obligations so you can plan for upcoming amounts due
2. Consider final year-end action steps

Also, many of our clients now face the dreaded alternative minimum tax ("AMT"). With some planning and timing of certain deductions, you may be able to minimize the AMT. Here are a few things to consider before year-end:

- For 2009 only, the required minimum distribution rules for retirement plan and IRA withdrawals have been waived. So, if you haven't yet taken your normal distribution and are in a tax-paying situation, consider pushing some or all of it to the future to save some 2009 income tax. With a little luck, you may also see the value of your holdings increase before you have to take it out.
- Review your investment portfolio and consider some year-end moves. The challenge facing many investors is dealing with losses due to the economic downturn. Maybe you have an appreciated stock you've been thinking about selling to diversify your portfolio but didn't want to incur the tax cost - - now is the time to reconsider and offset the gain with losses. Maybe you have some realized gains from transactions and want to avoid the tax - - now is the time to consider realizing some of those paper losses.
- Consider accelerating the purchase of depreciable business property this year to take advantage of higher federal tax depreciation deductions that expire at the end of 2009. Unless Congress acts quickly, tax breaks for "bonus" depreciation, higher automobile depreciation, and higher expensing amounts allowed for property purchases will decrease significantly in 2010.
- Consider gifts to family members to take advantage of the annual gift tax exclusion. Gifts decrease your taxable estate and allow you to share the benefit with your family while you are here to see them enjoy it.
- If you are one of the few with appreciated securities without capital losses, consider a charitable gift. Instead of donating cash, consider donating appreciated stock held more than a year allowing you to deduct the current value and avoid capital gains tax. Many charities are hurting and can use your gifts now more than ever.

As always, these are general ideas and you should consult with us about your situation and the specific tax rules that apply.

The Maltese Connection



Though this may sound like the latest espionage thriller, it's actually an example of how SPS's affiliation with CPA Associates International (CPAAI) delivers a powerful, global reach for our clients. You can learn more about CPAAI at our website: www.spasca.com

But, back to Malta. As you may know, Malta is an island nation of some 400,000 residents that lies about 60 miles off the coast of Sicily...a 1 ½ hour ferry ride. You can also fly to the capitol, Valletta. And when you arrive, you'll be happy to know that English is one of the island's official languages.

Another thing you may or may not know is that Chris Morris' wife is Maltese, which made it all the more interesting when a senior partner from our CPAAI affiliate in Malta stopped by our offices for a visit. He was actually in town pursuing his passion for screenwriting, but dropped by to introduce himself to SPS, the only CPAAI affiliate in the LA area. Not only is it always nice to meet CPAAI firm members, but it also led to a client referral for our firm. A Malta-based company that is

opening an office in Southern California needs help with entity structuring, outsourced accounting, international tax issues and other services.

So, next time you find yourself needing help with accounting, tax and business advice in Malta, or just about anywhere else in the world, let us know. SPS can coordinate with a CPAAI affiliate there to make sure you will receive the same level of service you have come to expect from us, whether in Valletta or Dubai.

A Friendly Face Out In Cyberspace



SPS is always looking for new ways to communicate better. Given the firm's commitment to technology that increases productivity and the fact that David Primes is a leader in business-related technology, getting better established in cyberspace is a natural.

To start with, if you haven't yet, please take a look at our website: www.spscpa.com. You'll see a complete facelift to better reflect our forward thinking optimism. There is new content as well, so please explore.

Next, we would like to collect as many contact email addresses as possible from you, so if you haven't already, please send yours to info@spscpa.com. Communicating electronically is another opportunity for us to be greener. In fact, we're happy to send you future issues of the newsletter in an electronic version if you prefer.

Finally, we have started implementing our presence on social network sites: Facebook and LinkedIn. Why? Because it's a chance to share the unique character of our firm with a larger audience and gives many people a chance to connect with us in a way that wasn't possible before.

We highly recommend that you follow us into cyberspace, if you aren't out there already. If you're interested, here's a little more on each network so you can see the value in participating.

LinkedIn is our online business card. With over 46 million members in over 200 countries and territories around the world, LinkedIn shares our character and profile in an interconnected network of professionals from around the world. Thanks to LinkedIn, people will always know where to find us.

Facebook is an opportunity to share our online personality. Millions of people use Facebook every day. We're looking forward to: posting our firm's outings and special events; sharing announcements about weddings, babies, and more; sharing stories about charities that our firm and specific staff are active in; giving updates on conferences we attend; as well as our perspective on tax rule changes that will be expanded on in issues of our newsletter.

If you're interested in following us into deep cyberspace, and aren't sure how to get started, ask us. We have people who can help.

A Heavenly Night



Depending on when you read this, you may still have a chance to attend a very special evening, Cosmic Conjunction, or at least become aware of the good work of FOTO, Friends Of The Observatory. Our very own David Primes is currently President.

Cosmic Conjunction is part of the Griffith Observatory's celebration of the 400th anniversary of Galileo having first put eye to telescope. It's also a chance to put attention on the coming together of arts and science by linking astronomy and music.

A gala will take place under the stars, October 4th, 2009 on the Observatory's lawn, featuring the world premiere of "Observations" by Arthur B. Rubinstein, Music Director of Symphony In The Glen. During the performance by Symphony In The Glen, there will be live narration by Leonard Nimoy. Gourmet picnic basket dinners by Wolfgang Puck are also available.

In keeping with FOTO's support of Los Angeles-area schools, the Gala night will be free to schoolchildren. There will also be a free performance held Tuesday, October 6th at the Greek Theatre for middle school and high school students to ensure that thousands of schoolchildren have a chance to be inspired by this extraordinary event. Free bussing is also available.

Please visit www.friendsoftheobservatory.org for more information.