



T. Dennis Connally Consultant, P.C.
Certified Public Accountant



MARCH 2008

IRS Sets Distribution Timetable For Stimulus Payments; Controversy Develops Over

Rebates under the *Economic Stimulus Act of 2008* will be electronically deposited into bank accounts starting May 2 and paper checks will be in the mail starting May 16, the IRS has announced. Electronic deposits and paper checks will be distributed based on the last two digits of recipients' Social Security numbers. At the same time, the IRS is defending itself against criticism from Congress that it is spending too much money to educate taxpayers about the rebates.

Comment:

The IRS is using the same distribution method for the 2008 rebates that it did for rebates issued in 2001, with one important difference. Seven years ago, the IRS only sent paper rebate checks to recipients. This year, the IRS intends to use electronic deposit to the greatest extent possible.

Comment:

Brian Yacker, CPA, a member of the California Society of CPAs, told CCH that one of the most common questions he

hears about the rebates is whether taxpayers can apply the rebate to their 2008 taxes. "They cannot," Yacker explained. However, the IRS can use the rebate to offset a past debt.

Electronic deposit

Taxpayers who choose to have their 2007 refunds directly deposited into their bank accounts will automatically receive their rebates by electronic deposit. Taxpayers should expect to have their rebates electronically deposited between May 2 and May 16 if the IRS has received and processed their 2007 returns by April 15.

Caution:

Taxpayers who elect to split their 2007 refund between several accounts will not receive a rebate by direct deposit. They will receive paper checks.

Comment:

The IRS is encouraging taxpayers to choose the direct deposit option on their 2007 returns even if they are not

expecting a refund. This will enable the IRS to electronically deposit the individual's rebate.

Paper checks

Individuals who do not choose direct deposit on their 2007 returns will receive paper checks. The IRS anticipates mailing paper checks starting May 16 and finishing the bulk by July 11.

Distribution schedule

Electronic deposit. Rebates will be electronically deposited in the following order. If the last two digits of the recipient's Social Security number are 00-20, the rebate should be sent to the recipient's bank account by May 2; 21-75 by May 9; and 76-99 by May 16.

Paper checks. Rebates will be mailed in the following order. If the last two digits of the recipient's Social Security number are 00-09, the rebate check should be in the mail by May 16; 10-18 by May 23; 19-25 by May 30; 26-38 by June 6;

39-51 by June 13; 52-63 by June 20; 64-75 by June 27; 76-87 by July 4; and 88-99 by July 11.

Some delays

Rebates will be delayed for returns that the IRS processes after April 15. Individuals who file a return after April 15 can expect to receive their rebates approximately two weeks after receiving their refunds. Individuals must file by October 15 to ensure they receive a rebate in 2008, the IRS explained.

Comment:

The IRS advised that a "small percentage" of tax returns will require additional time to process and compute a rebate amount, even if received by April 15.

Notices

Millions of taxpayers have already received or will soon receive notices from the IRS alerting them to the rebates. The public education campaign's multi-million dollar price tag has drawn flak from some lawmakers in Congress.

On March 13, Acting IRS Commissioner Linda Stiff told Congress that the notices are necessary because taxpayers have so many questions about the rebates. According to Stiff, 50,000 individuals are calling the IRS everyday about the rebates.

Comment:

Social Security, VA and Railroad Retirement beneficiaries will soon receive a special information package (1040A-3) from the IRS describing how to claim a rebate. Yacker described the package as "very complicated for the lay person." The package includes a sample Form 1040A, which non-filers must use for 2007 to claim a rebate.

Calculator

The IRS has also created a rebate calculator on its web site. The calculator asks taxpayers a series of questions based on the same information they would provide in their 2007 returns. The calculator uses the information to estimate the taxpayer's amount of rebate. *Go to <http://www.irs.gov/app/espc/>.*

BEWARE!!!!

PERCENTAGE OF RETURNS AUDITED

Individual Income:

Individual Tax Returns, total -1.0%
 Individuals with Taxable Positive Income (TPI) under \$200,000, without earned income tax credit (non-business) -0.4%

Business Returns (Nonfarm) by size of Total Gross Receipts (TGR):

Under \$25,000.....1/3%
 \$25,000 - \$100,000.....2.0%
 \$100,000 - \$200,000.....6.2%
 \$200,000 and above.....1.9%

Farm returns:.....0.4%

Business and Non-business returns with earned income tax credit by size of TGR:

Under \$25,000.....1.9%
 \$25,000 and above.....9.7%

Estate and trust income....0.1%

Corporations:

Small corporations.....0.9%
 Large corporations.....16.8%

S Corporations.....0.5%

Partnerships.....0.5%

Gift tax.....0.6%

The Network Group and T. Dennis Connally Financial Consultants, Inc.

THE TOTAL SOLUTION

The total solution for your business' challenges and opportunities

General Business Consultant

Loan Request Packages

SBA
Conventional

Financial Review with your:

Bank
Financial Institution
Bonding Company
Insurance Company

Financial Management

Budget Analysis
Cost Analysis
Product Pricing
Market Analysis
Expense Control
Cash Flow Statement &
Financial Statement Analysis

New Business Startups

Business Plans, Projections, & Proformas

Management & Collection of A/R, Notes, & other open accounts
Life Insurance Policy Conversion to Cash

Business Brokerage

Business Sales or liquidations
Acquisitions & Mergers
Real Estate Sales & Management

Resources

Accounting, Financial & Bookkeeping Services
Advertising & Marketing
Total Computer Services

Please call Larry Grady at 770-920-2890 ext 10 or email
networkgroup@tdconnally.com

"We Mind Your Business"

Network Business Consultants Inc. * Network Realty Group, Inc.

MARCH 2008