



Your Taxes and Financial Matters

By: **Richard P. Król**

1 800 cpa-krol richard@cpakrol.com

How to respond to an IRS notice

Letter writing may be a dying art, but official correspondence still arrives in the daily mail, including notices from the Internal Revenue Service (IRS).

If you receive one, here is what to do.

Scan the heading. The first line, generally printed in bold type and centered beneath your name and address, will tell you why the IRS is contacting you. For instance, the notice might be informational, such as an explanation that your payroll tax deposit and reporting responsibilities have changed. In that case, you simply need to comply with the new requirements.

Questions about missing information, additional taxes owed, or payments due mean you will want to take prompt action to avoid more notices or assessments of interest and penalties.

Review the discrepancy. You'll find the tax form and the year to which the notice applies printed in the upper right corner. Pull out your copy of the corresponding tax return, along with the supporting documents, and compare what you filed with what the IRS is questioning.

Prepare your explanation. Are the proposed changes correct? Did the IRS misapply a payment? Whatever the issue, there's usually no need to file an amended return. However, the IRS typically wants a response, either by phone or mail, in order to clear the notice from your account.

Do not delay. Ignoring IRS correspondence will not make it go away. Reply to the IRS in a timely manner even if you don't have all the information they are requesting.

Vacation home planning can save your tax deduction

You can enjoy a vacation home and cut your taxes — with some careful planning and a little discipline.

The IRS rules can be complex and potentially restrictive, so a word of caution is in order as you plan the use of your vacation home.

Owners of vacation homes often rent out the property when they're not using it themselves. Renting out your vacation home may or may not make sense for you. The principal variables are the number of days you rent the property, the number of days of personal use, your individual tax situation, and your personal wishes for the use of your vacation home.

Rent for 14 days or less and a simple tax break is available. If you rent your vacation home for 14 days or less, all of the rental income is tax-free. This attractive tax benefit can help provide cash for your mortgage and other expenses.

Rent for more than 14 days and your tax planning and personal life become more complex. If you rent your vacation home for more than 14 days, all your rental income is reportable. Whether you treat the income and expenses as a second residence or as rental property depends on the personal use of your vacation home relative to the time the home is rented out. This test is made annually and determines the nature of deductions, loss carryovers, and the tax treatment if the vacation home is sold.

If you have additional questions about the ideas mentioned here and/or the many other strategies available to you, they may be directed to me at 800-CPA-KROL (272-5765), or you may write to:

News of Polonia

Your tax and Financial Matters
2245 E. Colorado Blvd. 104/177
Pasadena, CA 91107

Fax: (626) 449-3331 ☐

Music News

By: **Marek Żebrowski and Krysta Close**

Recording review: Zygmunt Stojowski

By: **Krysta Close**



The Podlasie Philharmonic Orchestra and Choir in Białystok have achieved a noteworthy accomplishment with their new recording of music by Zygmunt Stojowski (DUX 0625). The CD includes three impressive compositions: Suite for Orchestra in E-flat major, Op. 9; Le Printemps, Op. 7 – cantata for mixed choir and orchestra; and Prayer for Poland, Op. 40 – cantata for soprano, baritone, mixed choir, orchestra, and organ. Conductor Marcin Nałęcz-Niesiołowski should be commended for the musicality that he inspires in the Podlasie Philharmonic – as Stojowski scholar Joseph A. Herter says about the performance, “the orchestra has a wonderful sound and the strings a lovely cantabile tone.” Both orchestra and conductor, as well as choir and soloists, go to great lengths to preserve the beauty and drama of Stojowski's music.

In the Polish Music Center's “Zygmunt & Luisa Stojowski Collection,” there is an archival recording of the Suite for Orchestra as recorded in 1939 by Antonia Brico and the Brico Symphony Orchestra at Carnegie Hall. Antonia Brico was a student of Stojowski's for two years, during which time she also lived with his family, and was a pioneering woman in the field of conducting. In comparing these two recordings, Mr. Herter comments that “although the Brico Orchestra cannot match the beauty of sound of the Białystok Orchestra, her tempos are on the brighter side, making for a much more exciting first movement.” Although the first movement may take a bit to get off the ground rhythmically, the orchestra has clearly hit its stride by the second and third movements and carries the listener through varied and exciting musical adventure.

A light-hearted and almost folksy composition, Le Printemps is a joyful experience. While the diction is not always clear, the choir soars through the repeated octave leaps with bravado and clarity. Choir and orchestra move together as one throughout the cantata, delicately painting a melodic soundscape.

Mr. Herter's commentary on the performance of the final piece sums it up: “Prayer for Poland is quite wonderful.” Both soloists – Marta Wróblewska, soprano and Maciej Bogumił Nerkowski, baritone – give beautiful performances, and contribute greatly to the dramatic content and textual interpretation of the performance. The orchestra is supremely expressive, lending a wide range of rhythmic and dynamic color. The only thing lacking in this performance is proper pipe organ; despite excellent playing by organist Rafał Sulima, the electronic organ does not quite provide the full, rich sound for which Stojowski's music calls. Although all of these compositions were written on foreign soil, the Polish flavor is still evident in all of them, most directly in the patriotic fervor of the Prayer for Poland.

This historic recording by the Podlasie Philharmonic Orchestra and Choir in Białystok featuring an enticing selection of Zygmunt Stojowski's oeuvre has made a

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Investments

By: **Joanna Brost**

Financial Advisor
(800) 473-1331 X 259
joanna.brost@morganstanley.com

A Vital Dialogue – Estate Planning

Discussions with parents or other family members regarding estate planning can at times be difficult, emotional and stressful. This discomfort, however, cannot compare to the financial pain felt by family members whose parents die without having implemented estate planning strategies. Relying upon state governments to decide the management and distribution of our assets and property can be an unsettling experience. Probate costs and the time delays associated with municipal court systems may leave heirs financially unstable. Even those individuals with existing estate plans should review them to ensure they take into account recent tax law changes. We suggest that our clients initiate a family discussion of these topics, or update any plan that is already in place, sooner rather than later.

Broaching the Topic

Perhaps the most challenging task, especially with elderly parents or relatives, is initiating the discussion. Some may perceive it as the first step toward giving up control over their personal affairs. To assuage this concern, we may emphasize that estate planning is about providing the estate owner more control, not less. Legal documents such as wills and trusts are tools that allow us to control the management and distribution of our assets both during life and at death. There is perhaps no way to gain greater control over our assets than to implement time-proven, legal estate planning strategies such as personal trusts.

To ensure an effective discussion:

Choose a comfortable setting, arrange a convenient time and location, and eliminate, or at least limit, distractions.

Suggest a group discussion with siblings or other family members.

Stress the importance of the topic and encourage an open and honest airing of issues and goals.

Express concern for the elderly relatives' future well being and emphasize the need to implement an effective estate plan that will serve their needs and wishes.

Use current books or articles on the topic to illustrate the benefits of having an estate plan and successful planning strategies. These may include articles on the consequences of not having a sufficient estate plan in place.

If appropriate, schedule more than one meeting.

Current Transfer Tax

Federal law imposes gift and estate taxes on the transfer of property. The current law provides each individual with a single gift and estate tax exemption or credit that allows property up to a certain value to be transferred tax free. This year the exemption amount is \$2,000,000 for estate taxes which is inclusive of the \$1,000,000 exemption amount for gift taxes. The estate-tax exemption amount will increase to \$3,500,000 in 2009 while the gift tax exemption amount will remain at \$1,000,000. The rates of gift and estate taxes currently reach their highest levels at 45%. This top rate will remain effective through 2009, as Figure 1 shows. In 2010, estate taxes are scheduled to be repealed, while gift taxes will remain in effect with a \$1,000,000 exemption and a top-rate of 35%. However, unless Congress acts to extend the law, estate and gift tax exemptions and rates will subsequently revert back to the laws in existence in 2001 when these changes were first passed.

Individuals who die in 2008 with a net worth of more than \$2 million may be subject to federal estate taxes. These issues should be discussed - and understood - by all family members in order to devise an effective estate planning strategy.

Tools and Options

For a successful discussion of estate planning options, the family should understand the basic tools available.



Legal

By: **Christopher**

Kerosky, Esq.
CKerosky
@youradwokat.com

Stopped at the Border: Explaining Expedited Removal, Part I

By: **Christopher A. Kerosky**

As you can read in the papers, more and more persons in the U.S. without a visa are being stopped and put in deportation proceedings. This is happening more and more to Poles here without status in this country. In the next few months, I will discuss what to do if this happens to some family member or friends of yours.

In places near the Mexican border such as Southern California, persons can be deported quickly, without a court hearing, even if they have been in the country for some time. Beginning April 1, 1997, the U.S. Government began applying a procedure called “expedited removal” to persons at or near the U.S. border, as well as some people already in the U.S., who do not have proper papers or status to be admitted to the U.S. This article will discuss that procedure and its consequences. Part II of this article will discuss the few ways some people may be able to challenge expedited removal orders.

What is expedited removal?

The expedited removal procedure is used by the U.S. Government to stop people at the border, as well as in the U.S., and remove them back to their country. The Government orders individuals removed from the United States without further hearing or review, unless the individual indicates either an intention to apply for asylum or a fear of persecution if they returned to their country.

Who does it apply to?

Expedited removal applies to all persons seeking to come into the U.S. who either (1) do not have the proper documents to enter the U.S. or (2) who have fraudulent documents. This could apply even to someone who has a proper visa if the immigration officer determines that the individual plans to do something else than what his visa authorizes. For example, if an individual has a tourist visa and tells the officer that she plans on coming to the U.S. to stay forever, she could be put into expedited removal proceedings, *even though* she has a *valid* visa.

It also applies to anyone in the U.S. who can not show (1) that they entered the U.S. lawfully and (2) that they have been in the U.S. continuously for two years before they were picked up by immigration officials.

The Government also applies this procedure to persons present in the U.S. who (1) did not enter legally, (2) are encountered within 100 miles of the U.S. border, and (3) who cannot establish that they have been physically present in the U.S. continuously for the preceding 14 days.

There are some exceptions for children. Expedited removal does not apply to green card holders, asylees, refugees, people who legally entered the U.S., parolees and Cuban nationals.

How does expedited removal work?

The expedited removal process begins as soon as an undocumented non-citizen tries to enter the United States or is picked up in the U.S. by immigration officials. First, the individual will be directed to an immigration officer or customs inspector for a primary inspection. During that inspection, the officer will review the non-citizen's documents. Second, the undocumented non-citizen will have a secondary inspection. This inspection looks more closely at the non-citizen's travel documents or examines why she has no documents proving his status. The officer will usually ask a lot of questions designed to find that the non-citizen cannot enter the United States. The non-citizen will be asked to sign a statement on Form I-275 stating that he or she understands his or her rights, including a right to a hearing, and that everything is

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