

## **Tax Time**

Filers will get an additional three days to file their 2010 tax returns. The deadline will be April 18, 2011. Even though April 15 falls on a Friday, Washington, D.C., will observe its Emancipation Day holiday on that date. Thus, the due date for all returns is deferred to the 18th. This also affects estimated taxes and other actions that are tied to April 15, such as the IRA contribution deadline.

## **Tax Information**

The tax information that we receive or retrieve will be forwarded directly to your accountant. There is no need to send us the 1099 forms you received by mail. Keep them or destroy them (DON'T FORGET TO SHRED), it is totally up to you. The Gain & Loss information that we have will also be forwarded to your accountant.

HOWEVER, there is a change coming. For quite a few years, brokerage firms have been required to forward total sales proceeds to the IRS. Starting on January 1, 2011, the Economic Stabilization Act of 2008 will require brokerage firms, banks, custodians and transfer agents to record and report more detailed information on the COST BASIS OF THE SECURITIES SOLD to the IRS. We have a "white paper" giving more of the details as there are many complicated wrinkles.

Broker/dealers vs. Taxpayer Responsibility- Broker/dealers will report cost basis to IRS and taxpayer on Form 1099-B. Taxpayer will use Form 1099-B data in preparing their tax return filing for 2011 and following years. For Equities acquired before 2011, there is no reporting by the aforementioned organizations and the taxpayer will report cost basis to IRS.

Mutual funds, dividend reinvestment plan (DRP) shares- These will be reported if they were acquired on or after January 1, 2012.

Other specified securities, including fixed income and options- These will be report if they were acquired on or after January 1, 2013.

As I mentioned previously, there are many details to be considered and you will find that TIME IS OF THE ESSENCE. For example, consider just the ONE example:

If your tax strategy utilizes a cost basis accounting method other than First In First Out, **this must be directed by you and your financial advisor at the time of the trade or transfer.** If you wish to specify a particular tax lot to sell, transfer, or if you want to change the cost basis accounting method for a sale or transfer, you will be able to do so **only until the settlement date of the trade**, normally three business days. **Once the trade settles or the transfer is complete, the tax lots used will be final.**

Just give us a call and we will send you the white paper on this subject. It will still leave some questions but it will give you a very good idea of this reporting to the IRS. I have been trying to find out if this rule will apply to just the totals or of each individual transaction. From my reading, it appears that it will NOT be in total but will be for each individual transaction. This, of course will mean more work for us, however please know that we will transmit the appropriate data to your accountant, as we do now. very promptly. The cost of tax preparation whould not increase, if we are doing our job.

(When I asked my father when I was considering my college field of study, he suggested Accounting. But I mentioned to him that the 91% tax rate was going to go down. He said don't worry, the rate may change but it will NEVER get less complicated. Thanks Dad.)

## Ever Wonder?

There are so many commercials on television offering to sell you something and if you buy it, you get another one free (just pay shipping and handling), How can they afford to give away something for nothing?

It ain't fer nuth'n, of course. I checked one of them out. If you purchase one of these things to wash your feet for \$14.99, you can have another one for free if you just pay the S&H. Well the S&H is \$7.99, so the two of them are \$14.99 plus 2 times \$7.99 which adds up to \$30.96. (I wonder if I could buy just one?)

But then again, I do have two feet and even though they are a part of my body that I really don't discuss socially, I guess I would like to wash both of them at the same time, as dangerous as that might be.

I assume the same deal holds true for other 2 for 1 products.

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## Reality TV

Crabbing in Alaska (I forget the name of the show). Lobster fishing. Left all along in the Alaskan Wilderness with nothing but a three man camera crew. I never did any of those things but they all look very very dangerous. THEN I saw a new Reality Show called Flying Wild Alaska. NOW I understand all of this stuff. I fly, and have been since 1965. Three years ago we flew to and through Alaska. TV sure tries to make these things exciting and dangerous. As an example, the man who owns this featured aviation business (he says 70 airplanes) was flying from Unalakleet to Anchorage. We flew over Unalakleet on the way from Anchorage to Nome, and again coming back. (Unalakleet to Anchorage is 316 miles (over the Alaska Range) and Unalakleet to Nome is 152 miles.) After takeoff, he got a little lost in the mountains, made a wrong turn, then corrected and continued on (Whew!!) Ridiculous. (We flew over the Range.) This guy is supposed to know what he is doing, and with a view of his cockpit, he certainly had enough toys to avoid getting lost.

I told Sharon (my copilot on the trip), and sent her a DVD of the show. She said that if they had sent a film crew with us and put it on TV, viewers would change the channel or turn it off in 2 minutes. Great views from the plane, but not at all exciting or dangerous. Another pilot flying from a small (pop. 1) town (Kalik) to Deadhorse on the Arctic Ocean (a little east of Barrow) scared the hell out of his three hunter/passengers as they flew into the fog and he was describing how very dangerous this was. (A little instrument flying would have solved the problem.)

I think they just try to make these shows seem as dangerous as they can, and if it is not dangerous, that's easy. JUST MAKE IT UP, AND FAKE IT.



Our Landing in Barrow



Our Landing in Nome

**Yes, General Aviation is faster than driving, but some things *never* change!**

