



A NEWSLETTER from THE **Mangold Group**



Hello,

Welcome to our new newsletter. We are always looking for new ways to better serve you, and one way is to provide you with information on how to improve your financial wellbeing.

With the end of the year approaching, this issue looks at the subject of tax planning and how you can keep more of the money you work so hard to earn. For business owners, there is the need to plan for the new "margin tax" coming into effect on January 1.

We hope you find it useful and look forward to seeing you in our offices soon!

Thomas Mangold, CPA

Don't Mess with Taxes

Last January, the USC Trojans learned the hard way why one should never mess with Texas. But the victors earned more than just a trophy. After winning the national championship, UT raised head coach Mack Brown's salary to \$2.5 million, and in July quarterback Vince Young signed \$28 million deal with the Tennessee Titans. Enough cash to give both of them plenty of sweet dreams, as long as they get to keep that money.

But, although the Longhorns went undefeated last year, there is one opponent that could give Brown and Young nightmares: the IRS. As Barry Bonds, Pete Rose or Willie Nelson could tell them, Don't Mess with Taxes!

Like football, the answer to winning the tax game is to study the opponent, create a game plan and carry it through to victory. If you are the do-it-yourself type, all you have to do is keep track of all the changes made every year to the thousands of pages of tax laws. But if you would rather spend your weekends doing something other than attending tax seminars, we can provide you with a customized tax saving package.

Your Personal Tax Plan, based on a review of your particular circumstances, will include estimated tax savings from specific strategies involving family, home, employment, your business, and your investments. It will cover:

- **How the tax system works:** The foundation to understanding specific tax saving strategies.
- **Family, Home and Job:** Day-to-day strategies for your family, your home, your job. This includes financing college and elder care, buying and owning your home, and making the most of employee benefits.
- **Your Business:** Strategies for organizing your business, deducting day-to-day expenses, buying and owning real estate and equipment, optimizing retirement and employee benefit plans.
- **Your Investments:** How to use IRAs and retirement accounts; how to buy and sell stocks, bonds, and

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Help Us Name Our Newsletter

Send your suggestions by December 8, 2006 to cinda.brown@mangoldcpa.com
or call Cinda Brown at 512-327-0909.

If your suggestion is chosen, you will win a one hour massage at The Hills Dental Spa.

Office Buzz

We have recently remodeled and expanded our offices. With our IT partner, My IT Pros, The Mangold Group now covers the majority of the second floor of the building. We have a new conference room, a new reception area and more offices so we can add staff to better serve you.

NEW FACES

It's a good thing we did add more space. Here are three new additions to the firm you can meet next time you drop by our offices:

Marlene Van Sickle, CPA is our new Accounting Services Manager. A CPA since 1990, she has twenty years of accounting experience, including businesses in retail, construction and service industries.

Marlene prepares compiled and reviewed financial statements, manages the staff accountants and provides QuickBooks consulting.

Cinda Brown, our Sales and Marketing Manager, received her B.S. from the University of Texas at Austin. In addition to marketing and business development, she is also in charge of customer service. If you don't know who you should speak with about our services, give Cinda a call.

Buffy Bezek, our new receptionist, has a BA from Westminster College. She has been an office coordinator for a large restaurant management company in Austin and an insurance industry market consultant. Not only is Buffy your initial contact as the receptionist, she also handles administrative tasks to serve the firm's clients.

Don't Mess with Taxes

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mutual funds; and how to manage real estate for maximum after-tax return.

- **Cashing out:** Ways to defer or eliminate taxes when you sell personal, business, and investment assets or get your equity out of your business.

Although it is late in the year, there is still time to improve your financial situation. Remember, the Longhorns were trailing USC by five points until Young scored the winning touchdown with just 19 seconds remaining in the game.

In the 2006 tax game, we are in the middle of the fourth quarter with the clock running down. If you want to win the game, call us today to find out how to put some more points on your side of the scoreboard before the whistle sounds on December 31. Unless, of course, you want to pay more taxes.

The Funny Side



A man walks into a restaurant with his pet alligator under his arm.

"Do you serve tax collectors?" he asks the barman.

"Of course", says the barman.

"Well," replies the man, "I'll have a beer, and my alligator will have a tax collector."

The doorbell rings, and a man answers it. There stands this plain but well dressed kid, saying, "Trick or treat!"

The man asks the kid what he is dressed up like for Halloween. The kid replies, "I'm an IRS agent."

Then he takes 40 percent of the man's candy and leaves without saying "thank you."



Good News

Tax Cuts Extended

In May, Congress passed the *Tax Increase Prevention and Reconciliation Act of 2005*, extending the capital gains and dividends tax cuts passed in 2003. These cuts were scheduled to end in 2008. The new law extends the cuts through 2010.

Long term capital gains and dividends will continue to be taxed at 15% for those who are in tax brackets higher than 15%. For those in the 10 or 15% tax brackets, the capital gains and dividends tax will be 5% through 2008, and 0% for the next two years. After that date, unless the cuts are again extended, rates will revert to the earlier levels of 20% for long term capital gains (10% for those in the lowest tax bracket) and dividends will be taxed at one's normal income tax rate, up to 39.6%.

When you come in for your tax planning appointment, be sure to discuss how these changes affect your financial portfolio. For example, if you are planning to transfer some of your assets to your children, you may want to do this before the capital gains tax rises again.

Featured Client - The Hills Dental Spa

When we opened The Hills Dental Spa in 2002, we truly had no idea that our concept would be so well received and that it would lead us to grow so rapidly.

Our office specializes in providing outstanding customer service and a relaxing experience, as well as the highest quality dental care available. I began with a very small staff of just one paid employee along with my wife handling the front desk duties, the books and business management.



Within a couple of months of opening our office, we began to offer spa treatments such as massages and facials to help our clients relax before, during or after their dental appointments.

The business boomed. We quickly grew to a staff of five and now have a team of ten. With this growth came more time consuming bookkeeping and more complicated tax issues. This is when we sat down with Thomas Mangold to talk about how his firm could make our lives easier and help our business continue to grow.

The Mangold Group was able to take on the tedious chore of paying bills, making sure those bills are correct, and even storing the invoices electronically for easy access. They also took over payroll services, handle the associated taxes and tax reports, and help us with budgeting and projections so we can set realistic



Amie and Dr. Benjamin L. Nemecc

goals for our staff and improve our employee benefits and bonuses.

Ultimately, the Mangold Group helps facilitate the growth of our practice, and has allowed my wife and me more free time away from the office - while we rest assured that our company is in good hands.

Benjamin L. Nemecc, DDS

Ask Thomas



Question: Do you file state tax returns?

Answer: Yes, we file taxes in all 50 states and the District of Columbia. In fact, we currently file taxes in 36 different states for one of our clients.

Question: What are the contribution limits and deadlines for personal retirement accounts?

Answer: Those with employer-sponsored

401(k) plans can put up to \$15,000 in their retirement account (\$20,000 if 50 or older) and the employer can contribute up to \$44,000. The self employed can contribute up to \$44,000 (\$49,000 if 50+).

Those with a traditional IRA or Roth IRA can contribute up to \$4000 (\$5000 if 50+). Deadline for contributions is April 16, 2007.

See next issue for more information on retirement plans.

Submit Questions to:
Ask Thomas
2714 Bee Cave Suite 200
Austin, TX 78746
newsletter@mangoldcpa.com

Win a \$50 Gift Certificate

It's as easy as 1, 2, 3:

1. Fill in your name on the card below.
2. Cut it out or make copies of it.
3. Give the cards out to your friends, family and colleagues.

Every card that is redeemed at our office will be entered into a drawing for a \$50 gift certificate usable at your choice of hundreds of retailers.

The drawing will be held on January 15th, and the winner announced in our next newsletter.

THE **Mangold Group**

Certified Public Accountants, PC

FIRST CONSULTATION FREE

(Up to 30 minutes)

512-327-0909

Given by: _____

2714 Bee Cave • Suite 200 • Austin, TX 78746



OOPS — THERE'S A TYPO!

We have hidden a typo
in our newsletter.

Be the first to find it
and email us at
newsletter@mangoldcpa.com.

You will
WIN
**Four Free
Movie Tickets**



New Margin Tax Law

In May, Governor Perry signed House Bill 3 which changes the way business franchise taxes are calculated. Currently, the taxes are based on capital or earned surplus. Starting January 1, 2008, the tax will be based on gross receipts for the previous tax year. For organizations operating on a calendar year basis, this means the tax is on income received starting January 1, 2007.

The new "margin tax" is calculated by taking the gross receipts, as reported to the IRS, and subtracting either the Cost of Goods Sold or compensation. This is then multiplied by the apportionment percentage specified by law, and other deductions are subtracted. This leaves the "taxable margin" which is taxed at a rate of either one percent or 0.5 percent. The new law applies to most types of business entities, but not sole proprietorships, certain partnerships, trusts, or businesses with revenue less than \$300,000.

There are, of course, numerous details within the 107 page bill which need to be taken into account. During your tax planning meeting, ask your accountant to explain how the margin tax applies to your business, what records you need to keep and what actions to take to minimize your tax liability.



Avoid Costly Tax Mistakes

Proper planning
keeps you from paying
more than
your fair share.

Call today to
schedule meeting to
see if a Personal Tax
Plan is right for you.

512-327-0909



THE Mangold Group

Certified Public Accountants, PC
2714 Bee Cave, Suite 200
Austin, TX 78746

Office Space Available

We have one small office available for lease in our building.

Please call Cinda Brown,
512-327-0909, for details.