

Vaughn Tribble, CPA

Daniel Ayala, CPA

Douglas Tribble, CPA

Tribble & Ayala
Certified Public Accountants, Inc.

571 Stanislaus Ave, Ste A
P.O. Box 400
Angels Camp, CA 95222
(209) 736-4631
Fax (209) 736-0207

2686 McKenzie Ave
P.O. Box 1020
Arnold, CA 95223
(209) 795-2311
Fax (209) 795-4730

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Dear Bookkeeping Client:

Did you know?

THE IMPORTANCE OF COMPUTER BACKUP

Backing up your computer is extremely important. Taking the time to backup is a small price to pay for peace of mind. In the event of a hard drive failure your data files are not lost. Backup to a CD or a USB flash drive. USB flash drives are easy to use. Simply enter the letter of the USB drive as your backup destination. If time is money it's cheaper to backup than to recreate lost data.

AGRICULTURAL & LOGGING EQUIPMENT GET A SALES TAX BREAK

Equipment purchased or leased for agricultural operations or commercial timber harvesting operations get a partial exemption of 5.25% from California Sales Tax. Calaveras County's sales tax rate is 7.25%, therefore those purchasing such equipment would pay only 2.0% sales tax.

Agricultural Equipment: Any new or used tool, machine, repair part, or equipment, such as tractors, feeding and watering equipment, harvesting bins, irrigation systems, trellis systems, fencing, portable panels, corrals, etc. **Logging Equipment:** Such as chainsaws, chippers, bulldozers, graders, water trucks, fuel storage tanks, etc. To get this credit present a Partial Exemption Certificate to your equipment retailer. For more information and an exemption certificate form visit the State Board of Equalization website

Ag Exemption: <http://www.boe.ca.gov/pdf/reg1533-1.pdf>.

Logging Exemption: <http://www.boe.ca.gov/pdf/reg1534.pdf>

SALES TAX GOES PAPERLESS

Over the next two years, the majority of sales and use tax accounts will transition from paper to e-filing one group at a time based on their account type and reporting basis. Taxpayers will be notified well in advance of the effective date of the transition of their account. So far, new accounts and single location quarterly filers with prepayments are required to file online. Monthly filers will file online starting with the December 2008 return due in January 2009. Quarterly filers will be notified when they must start e-filing.

WHEN ARE QUICKBOOKS UPDATES NECESSARY

It may not be necessary to upgrade your Quickbooks version every year. If you are using Quickbooks versions 2006 through 2008, your payroll is supported by Intuit and it is not necessary to purchase Quickbooks 2009 at this time. If your version is 2005 or older, you will need to upgrade to get payroll updates. In April 2009 Intuit will stop supporting Quickbooks 2006. If you are not using Quickbooks for payroll and you are happy with the features on your version, there is no reason to buy a new program every year.

2009 STANDARD MILEAGE RATE

The new IRS standard mileage rate for business miles driven beginning January 1, 2009 is **55 cents per mile**. The 2008 rate was 50.5 cents per mile for January – June 2008 and was increased on July 1, 2008 to 58.5 cents per mile. Please remember for reimbursing employees for the business use of their private vehicle this is an optional reimbursement rate, not mandatory. It is the maximum deductible amount you can pay your employee. If circumstances warrant you may consider a company policy that pays less than the IRS rate.

SOME MONEY SAVING BUSINESS TIPS

- 1) Include advertising material in other mailings.
- 2) Clean up your mailing list so you aren't wasting postage.
- 3) Pay your bills on time. Late charges and interest add up fast.
- 4) Keep close track of your bank balance. Average overdraft fees are \$25 per returned check.
- 5) Get three bids on everything.
- 6) Pay business expenses by check or credit card because it's easier to track. If you do pay cash, be sure to save your receipts. You don't want to miss any deductions.
- 7) Ask your employees for suggestions to cut waste in your business.
- 8) Review your equipment list and notify accountant of any disposals (this affects your tax return and business property tax).
- 9) Monitor accounts receivable. Work with your customers to keep payments coming. Don't give late paying customers too much rope; you may end up writing off the entire balance.
- 10) Monitor your advertising budget. If your website or print ads generate few responses, is it worth the money? Or if you don't have a website, would one help your business?
- 11) Do you accept credit card payments? If not, you may be passing up cash flow.
- 12) Shop insurance policies.

2009 PAYROLL TAX RATES

SDI RATE INCREASES TO 1.1% FOR 2009: The SDI rate for 2009 went from .8% up to 1.1% and the wage limit went up to \$90,669. SDI withholding includes SDI (State Disability Insurance) and PFL (Paid Family Leave).

SUI & ETT RATES FOR 2009: EDD determines SUI rates annually. For 2009 rates will range from 1.5% to 6.2% on wages to \$7,000 for each employee. New employers' rate is 3.4% for up to three years. EDD will mail notices with your 2009 rate by December 31, 2008. ETT (Employment Training Tax) remains .1%.

FUTA RATES FOR 2009: FUTA rate for 2009 remains the same. A temporary surtax was added in 1976 and extended through 2008 by various pieces of legislation. That surtax has now been extended through 2009.

PAYROLL DEDUCTIONS: The **Social Security wage limit increases to \$106,800**. FICA and FUTA rates remain the same. If you do payroll on your own computer, be sure to get your payroll update for the new 2009 tax tables. If you do your payroll by hand, use the new tables in the **2009 Circular E** and **2009 California Payroll Tax Guide**. **Quickbooks payroll requires users to set their new SUI rate each year. Please check the setting for your SUI rate and change for 2009 if necessary.**

2009 Payroll Tax Rates

SDI	1.1%	(X .011) on wages to \$90,669 (Max \$997.36)
Social Security	6.2%	(X .062) on wages to \$106,800 (Max \$6,621.60)
Medicare	1.45%	(X .0145) on all wages – no limit
	Note:	(6.2% Soc. Sec. + 1.45% Medicare = 7.65% FICA)
SUI	Varies	On wages to \$7,000- EDD will mail 2009 rate before 12/31/08
ETT	.1%	(X .001) on wages to \$7,000 (not all employers pay ETT)
FUTA	.8%	(X .008) on wages to \$7,000 (certain requirements for .8% rate)

COMMUNICATING BY EMAIL

If you find it easier to communicate by email here are staff email addresses. Please email us so we can get you in our address book.

conniepitta@sbcglobal.net

ericksonlj@sbcglobal.net

monicatribble@sbcglobal.net

mkovacs@sonic.net

nancyschley@sbcglobal.net Secretary

Best wishes for a happy holiday season and a prosperous 2009
from the Tribble & Ayala bookkeeping staff,

Connie Pitta, Linda Erickson, Marcia Kovacs and Monica Tribble