

# Leif Jensen and Associates

Newsletter

October, 2013

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### It happened in October:

Leif Ericson discovered Vinland,  
1000.

The New York Stock Market crash  
occurred, 1929.

## Quick Links

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### Dear Reader,

As CPA's we are committed to providing a full range of high quality professional services including: accounting, bookkeeping, consulting, payroll, management advisory services, income tax preparation, auditing and other attestation services. Our goal is to meet our client's expectations as their most trusted advisor.

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## Uncle Still Says Next Tuesday It's Due

The Internal Revenue Service today reminded taxpayers that the Oct. 15 deadline remains in effect for people who requested a six-month extension to file their tax return.

The current lapse in federal appropriations does not affect the federal tax law, and all taxpayers should continue to meet their tax obligations as normal. Individuals and businesses should keep filing their tax returns and making deposits with the IRS, as required by law.

Many of the more than 12 million individuals who requested an automatic six-month extension earlier this year have yet to file their Form 1040 for 2012.

Don't you just love the way the system works?

## Dates to Remember

- Third Quarter Reports Due
- Extended Individual Tax Returns Due

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## This Month's Featured Service

### Audits, Reviews and Compilations

We can handle the attest functions at the needed levels for clients for the benefit or request of banks, Boards of Directors and governmental agencies as needed.

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## 1913

Last week the federal income tax just turned 100 (it also looks every bit its age). President Woodrow Wilson signed it into law on Oct. 3, 1913.

It took Congress more than four years after the 16th Amendment which allowed the Congress to levy an income tax without apportioning it among the states or basing it on the United States Census. This amendment exempted income taxes from the constitutional requirements regarding direct taxes, after income taxes on rents, dividends, and interest were ruled to be direct taxes in the court case of Pollock v. Farmers' Loan & Trust Co. (1895). The amendment was adopted on February 3, 1913. The income tax was proposed by Congress and eight months after official ratification by the states.

Facts about the 1913 tax:

- \* The official rate was 1% of taxable income (after deductions and exemptions, etc.), with a surtax that ranged from 1% on income between \$20,000 and \$50,000 to 6% on income in excess of \$500,000.
- \* In fact, only about 1% of all households paid any tax at all.
- \* The standard 1040 form was three pages long
- \* The 20 instructions for completing it fit on a single page.
- \* A mere five years later, as World War I was ending, the top rate was 77% on net income over \$1 million
- \* Prior to the 16<sup>th</sup> Amendment most revenue came from alcohol sales taxes and tariffs, this was a necessary component for Prohibitionists to get the 18<sup>th</sup> Amendment of the United States Constitution passed which effectively established the prohibition of alcoholic beverages in the United States by declaring the production, transport and sales of (though not the consumption or private possession of) alcohol illegal.

## Form 14242

The IRS has created a new Form 14242 - Report Suspected Abusive Tax Promotions or Preparers is available for voluntary use by taxpayers.

This should be used in those cases where your preparer has an outlandish complicated plan to reduce your taxes.

-Leif Jensen

## Featured Client



## RESCUE WRIGHT-WAY

On October 2nd, a school bus crashed through the front of Wright-Way Rescue in Niles, Illinois. Fortunately, no one was on the school bus and all volunteers and pets were safe. But, the building is not savable. After 10 years of placing over 15,000 pets in homes, we ourselves are now homeless.

Wright-Way Rescue was started in 2003 by Christy Anderson at Southern Illinois University. She would save dogs from euthanasia, house them one-at-a-time in her dorm room, and place them in homes near Chicago. Ten years later, our modest rescue finds more pets to forever homes than any other rescue in the State of Illinois, and we operate on 10% of the budget.

We were renting our 7,000 sq. foot facility at the time of the crash, and in order to immediately continue our mission of saving lives, we will need to find a new facility. Each week, until the end of the year, we had approximately 75 adoptable animals scheduled to arrive at our Chicago Adoption Center from our Admissions and Care Center which is 6 hours away. Each week that we are homeless, we are unable to remove 75 dogs and cats from euthanasia lists in the Midwest.

We have received tremendous support from our neighborhood, and Wright-Way is so thankful. We have a long road ahead. In order for us to purchase and equip our own Adoption Center, we need to raise \$1.5 Million.

**Please consider helping us to Rescue Wright-Way.**

To find out more, or to donate, please visit their website:  
<http://wrightwayanimalrescue.com/>

