



Client NEWSLETTER


January 2006

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Mileage Rates

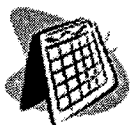
	<u>2005</u>	<u>2006</u>
	(cents per mile)	
Business		44.5
1/1/05-8/31/05	40.5	
9/1/05-12/31/05	48.5	
Medical/Moving		18.0
1/1/05-8/31/05	15.0	
9/1/05-12/31/05	22.0	
Charity	14.0	14.0
Hurricane Katrina relief	0.0	32.0

Reminder

Subcontractors paid more than \$600 during 2005 will need to have a Form 1099 issued to them prior to January 31, 2006. W-2 forms for employees are also due by January 31st.



Important Dates



Individual federal/state estimated tax payments due September 15, 2005, January 16, 2006, and April 15, 2006.

Corporate tax returns due March 15, 2006.

Partnership/Estates & Trusts tax returns due April 16, 2006.

The New Roth 401(k)

Beginning January 1, 2006 a new retirement option comes on the market. The Roth 401(k) combines the tax features of the Roth IRA with the contribution and distribution rules of the 401(k).

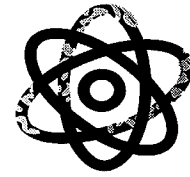
Contributions into the Roth 401(k) are subject to all payroll taxes (post-tax). The contribution limit for 2006 is \$15,000 plus a \$5,000 catch-up for taxpayers age 50 and over. Distributions, including earnings, are tax-free as long as they have remained in the plan for at least five years and the employee has:

1. Reached age 59 ½ ,
2. Passed away, or
3. Became disabled.

Required distributions begin at age 70 ½ however, rollovers may be made into a Roth IRA from which there are no mandatory distributions.

The Roth 401(k) is beneficial to taxpayers who believe they will be in a higher tax bracket after retirement. Income is taxed during the working years, assumed to be a lower tax bracket, and tax-free distributions are made during retirement.

Residential Energy Credits



Two credits will be available to homeowners for energy conservation expenditures made during 2006 and 2007.

Non-business Energy Property

This is a two-part credit for energy efficiency improvements made to a taxpayer's primary U.S. residence. There is a lifetime limit of \$500 and the cost basis in the home will be reduced. This credit is based on 10% of qualified energy efficient improvements (certain insulation materials, exterior windows including skylights, exterior doors, certain roofs) and 100% of qualified energy property (specified heating and cooling equipment).



Residential Energy Efficient Property

This credit is based on 30% of qualifying renewable energy equipment expenditures, such as solar energy property and qualified fuel cell property. The maximum credit is \$2,000 for each system.

The specifics are complex for each credit. We recommend having the appropriate research done before expenditures are made in anticipation of the credit.

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The IRS is warning taxpayers of an email scam in which the recipient is told they have an unclaimed refund. The email, sent by "tax refunds@irs.gov", includes a link that requests information such as a social security and credit card information. The IRS asks anyone receiving this email to contact them at 1-800-829-1040.

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