



Increased Charitable Deduction Limits for Individuals and Corporations Due To Katrina Relief Act

by Sandra K. Jensen, CPA, La Crosse Office, sjensen@habco.com

The Katrina Emergency Relief Act (KETRA) offers some tax relief for individual taxpayers and corporations while providing much needed resources for both the victims of Hurricane Katrina and charitable organizations. KETRA changes some of the limitations placed on deductions for qualified contributions. Qualified contributions are cash contributions made between August 28, 2005 and December 31, 2005 to Code Section 170(b)(1)(A) charities [other than a supporting organization described in Code Section 509(a)(3)]. Most charitable organizations will fall under this category, but it would be prudent to check with the charity or a tax professional before taking any action. These changes are only in effect until the end of the year, the previous law will be reinstated on January 1, 2006. For Individuals: This particular provision of KETRA does not require a connection to Hurricane Katrina.

Under the old law, charitable contributions made to a Code Section 170(b)(1)(A) charity were limited to 50 percent of an individual's contribution base. Contribution base is the individual's adjusted gross income computed without regard to any net operating loss carry-back. Furthermore, there is a phase-out of 3 percent on allowable itemized deductions (other than medical expenses and a few other exceptions) that were in excess of \$145,950 (\$72,975 for a married taxpayer filing a separate return).

Under the new law, an individual may deduct qualified contributions up to the amount of the taxpayer's contribution base minus other charitable contributions. Qualified contributions that exceed the contribution base may be carried forward for five years. The provision also exempts qualified contributions from the phase-out calculation of itemized deductions for high AGI taxpayers.

Example: Gennie Russ's contribution base for 2005 is \$150,000. During 2005, Gennie made \$10,000 of charitable donations. On December 24, 2005, she made a donation of \$150,000 to a Code Section 170(b)(1)(A) charity. Gennie may deduct \$150,000 on her 2005 tax return and \$10,000 will be carried forward

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for use over the next five years, subject to the 50 percent limitations (under the old law, Gennie would have been able to deduct \$75,000 on her tax return and the remaining \$85,000 would be carried forward).

It is important to remember that all amounts that exceed the contribution base will be carried forward and must be used within five years.

The information presented is general in nature. The tax situation of any taxpayer is unique and specific. Accordingly, other tax consequences, such as the Alternative Minimum Tax, need to be considered. It is strongly recommended that taxpayers seek the advice of a trained professional before choosing a course of action. For Corporations: This particular provision of KETRA does require a connection to Hurricane Katrina.

Under the old law, a corporation may deduct charitable contributions equivalent to 10 percent of the taxable income computed without regard to net operating loss or capital loss carry-backs.

Under the new law, qualified (those that were made for Hurricane Katrina Relief only) charitable contributions may be deducted up to taxable income less other contributions made. Corporations must be able to substantiate that contributions made were for the purpose of helping hurricane Katrina victims. Qualified contributions that are in excess of taxable income can be carried forward for five years as contributions to which the 10 percent limit will apply again.

Example: Profits, Inc. has taxable income of \$150,000 in 2005. During the year, the corporation gave charitable donations of \$20,000. On December 25, the corporation made a contribution of \$140,000 to a charity that will benefit the victims of Hurricane Katrina. The corporation could substantiate that their donation benefited hurricane Katrina victims. The allowable deduction on the corporate tax return is \$150,000 with \$10,000 being carried forward (under the old law, Profits, Inc. would have been able to deduct \$15,000 against taxable income and would have carried forward the remaining \$145,000).

What are the requirements for a charity to be classified a Code Section 170 (b)(1)(A) charity?

Code Section 170

(1) Individuals.

In the case of an individual, the deduction provided in subsection (a) shall be limited as provided in the succeeding subparagraphs.

- (A) General rule. Any charitable contribution to –
- (i) a church or a convention or association of churches,
 - (ii) an educational organization, which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on,
 - (iii) an organization, the principal purpose or functions of which are the providing of medical or hospital care or

medical education or medical research, if the organization is a hospital, or if the organization is a medical research organization directly engaged in the continuous active conduct of medical research in conjunction with a hospital, and during the calendar year in which the contribution is made such organization is committed to spend such contributions for such research before January 1 of the fifth calendar year which begins after the date such contribution is made,

- (iv) an organization, which normally receives a substantial part of its support [exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501(a)] from the United States or any state or political subdivision thereof, or from direct or indirect contributions from the general public, and which is organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of a college or university which is an organization referred to in clause (ii) of this subparagraph and which is an agency or instrumentality of a state or political subdivision thereof, or which is owned or operated by a state or political subdivision thereof, or by an agency or instrumentality of one or more states or political subdivisions,
- (v) a governmental unit referred to in subsection (c)(1),
- (vi) an organization referred to in subsection (c)(2) which normally receives a substantial part of its support [exclusive of income received in the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption under section 501(a)] from a governmental unit referred to in subsection (c)(1) or from direct or indirect contributions from the general public,
- (vii) a private foundation described in subparagraph (E), or
- (viii) an organization described in section 509(a)(2), shall be allowed to the extent that the aggregate of such contributions does not exceed 50 percent of the taxpayer's contribution base for the taxable year.

What constitutes an organization defined under Code Section 509(a)(2)?

Code Section 509(a)(2) or (3) defines what a private foundation is by describing what it is not. The organizations described below are not private foundations.

(a) General rule.

For purposes of this title, the term "private foundation" means a domestic or foreign organization described in Section 501(c)(3) other than—

- (1) an organization described in Section 170(b)(1)(A) [other than in clauses (vii) and (viii)];
- (2) an organization which—
 - (A) normally receives more than one-third of its support in each taxable year from any combination of—

(i) gifts, grants, contributions, or membership fees, and (ii) gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity which is not an unrelated trade or business (within the meaning of Section 513), not including such receipts from any person, or from any bureau or similar agency of a governmental unit [as described in Section 170(c)(1)], in any taxable year to the extent such receipts exceed the greater of \$5,000 or 1 percent of the organization's support in such taxable year, from persons other than disqualified persons (as defined in Section 4946) with respect to the

organization, from governmental units described in Section 170(c)(1), or from organizations described in Section 170(b)(1)(A) [other than in clauses (vii) and (viii)], and (B) normally receives not more than one-third of its support in each taxable year from the sum of— (i) gross investment income [as defined in subsection (e)] and (ii) the excess (if any) of the amount of the unrelated business taxable income (as defined in Section 512) over the amount of the tax imposed by Section 511; If you have any questions about this information, please contact Sandy Jensen at sjensen@habco.com.

New Hire Reporting

By Reena Kazianka, Client Services Department, La Crosse Office, rkazianka@habco.com

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, employers are required to comply with a federal new hire reporting requirement. All states had to begin transferring new hire information received from employers to the National Directory of New Hires by October 1, 1997. The New Hire Reporting program is used to locate parents with child support obligations. The information is also be used in the administration of Social Security and public assistance programs, and to detect and prevent fraud within Unemployment Insurance and Worker's Compensation. For the new hire reporting program, an employee is any individual who is considered an employee for federal income tax withholding purposes. A newly hired employee is an individual reporting to work with an employer for the first time or has been rehired after an unpaid absence of more than 90 days. Under the federal regulation, employers must provide the following information to their state's directory:

- the employee's name, address, and social security number; and
- the employer's name, address, and federal employer identification number (FEIN).

Each state may require information in addition to the federal requirement. Often the additional information includes date of birth and the employee hire date, but may include other additional elements.

Employers with employees in multiple states may designate one state where they have employees as the state to which they will report all their new hires. This designation must be made with the Secretary of Health and Human Services. Employers do not have to report the required elements for every state in which they have employees, only those required by the state the employer has selected for new hire reporting purposes. In general, employers must report newly hired employees within 20 calendar days of the date of hire. New Hire reports are regularly compared against all states' quarterly wage files to identify reporting compliance. Failure to comply with New Hire Reporting can result in civil penalties of up to \$25 with a maximum of \$500, if the failure is the result of a conspiracy between the employer and the employee.

Reporting Methods

Wisconsin

- Secure Internet Site: dwd.wisconsin.gov/ui
Key individual reports or transfer an entire file. Includes access to a log of reports submitted over the Internet during the most recent 90 days
- Diskette
- Magnetic Tape
- Paper - using State Form WT-4, federal W-4, or a list containing the required information
Toll Free Fax: 800-277-8075

- Toll Free Telephone: 888-300-4473

Wisconsin Contact Information and Assistance

Mail electronic and paper reports to:
Wisconsin New Hire Reporting
P.O. Box 14431
Madison, WI 53708
1-888-300-4473

Staff available to answer questions
Monday through Friday
8:00am - 4:00pm

Web Site: dwd.wisconsin.gov/ui

Email: newhire@dwd.state.wi.us

The Employer's Guide to Child Support contains information on wage withholding. To obtain a copy visit: dwd.wisconsin.gov/bcs/employer.htm or call 608-266-9909.

Minnesota

- Electronic Transfers
- Diskette
- Magnetic Tape
- Paper - using a list containing the required information - OR - Federal W-4. Please make sure blocks eight and ten of the form are also complete. Fax to: 651-227-4991 or 800-692-4473
- Toll Free Telephone: 800-672-4473

Minnesota Contact Information and Assistance

Mail electronic and paper reports to:
New Hire Reporting Center
P.O. Box 64212
St. Paul, MN 55164-0210.

For information about other methods of reporting call 651-227-4661 or 800-672-4473.

Enhance Your Analytical Ability in 2006 by Using 3 Tools in Excel

By: Cindy Prindle, Microsoft MOUS Master Instructor,
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	Current Values	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Changing Cells					
M13	10%	20%	10%	10%	10%
M14	10%	10%	10%	10%	10%
Result Cells					
Sales	2,261,811	2,229,904	1,862,316	2,106,220	2,061,811
Expenses	340,030	334,841	340,030	347,035	340,030
Net Income	1,739,673	1,895,063	1,522,287	1,757,985	1,739,673

The ability to perform a what-if analysis is one of the most powerful functions Excel provides. A what-if analysis allows you to substitute differing values and data in a worksheet so that you can compare various results. The Scenario Manager is the tool in Excel that allows you to do this. The Scenario Manager allows you to create a variety of situations in a worksheet by replacing values in specific cells, thus producing specific set of results. Different entries or scenarios yield different results. For example, you can compare best case scenarios to worst case scenarios. This is a powerful tool that can enhance the decision making process in any company. The most important step in creating a scenario is selecting the input (or changing) cells that will be replaced by the scenario values. These changing cells play a key part in the formula. Excel supports up to 32 changing cells per scenario. Once a few different scenarios are created in

a spreadsheet, several different reports can be created to compare the scenarios with a click of a mouse. Unlimited scenarios can be created.

Another powerful tool that can aid the analysis process for your company is called Goal Seek. This feature allows you to first, input the return you are seeking, and then second, will display the values you need in order to obtain that desired result. This process performs the time-consuming task of trial-and-error experimentation by changing the variable value until it arrives at the desired results.

An even more sophisticated feature than Goal Seek is Solver. Like Goal Seek, Solver will solve problems by working backwards when you know the desired answer. It further allows you to input constraints or limitations on any cell in your spreadsheet. You also have options when you are specifying the desired result. You can enter a specific desired value, obtain a “maximum” amount, or obtain a “minimum” amount. Solver allows you up to 200 adjustable cells.

Sharpen your decision-making skills in 2006 by learning how to create and use these tools in Excel. They are taught in a 6-hour Excel Mod III Advanced class or in our new 3-hour Web-Based Focus Sessions at The Training Center at HABCO. Watch for more web-based Focus-Sessions in 2006. These sessions are designed around key topics and your demanding schedules. You do not even need to leave your office to participate in the Focus Sessions. All you need is a connection to the Internet. For more information, or to register for a class, contact Suzanne Truax at (608) 784-7797, Ext. 267 or e-mail her at struax@habco.com or visit our website at www.habco.com.

Individual Automatic Extensions Increased From Four to Six Months

By: Katrina Gunnarson, La Crosse Office, kgunnarson@habco.com

The IRS has increased the period of time for which individuals may receive an automatic extension of time to file their returns from four to six months. Currently, a four-month automatic extension is allowed by filing Form 4868, Application for Extension of Time to File U.S. Individual Income Tax Return by the original due date of the return. An additional two-month extension may be obtained by filing Form 2688, Application for Additional Extension of Time to File U.S. Individual Income Tax Return by the extended due date of the return and requires approval by the IRS. An explanation

for requesting the extension along with a signature is required on Form 2688.

The revised Form 4868 will automatically grant a six-month extension of time from the original due date of the return, thereby eliminating the need to file Form 2688. An explanation for the six-month extension is not required nor is a signature. However, penalties and interest will still apply for any amounts not paid by the original due date of the return. The revised Form 4868 is expected to be used for individual tax returns requesting extension after December 31, 2005.

Time To Sign Up For Medicare Drug Benefit

By: *Chuck Schindhelm, CPA, Partner, Marshfield Office, cschindhelm@habco.com*

Beginning November 15, 2005, everyone who is entitled to Medicare Part A or enrolled in Medicare Part B will need to decide whether to enroll in Medicare's new prescription drug benefit. Medicare Part D, as it is called, begins January 1, 2006. This new Medicare plan can offer savings on prescription drugs.

HOW MEDICARE PART D WORKS

Medicare beneficiaries who choose to remain in the traditional fee-for-service Medicare program can sign up for drug coverage through a stand-alone prescription drug plan (PDP) from a private insurer. All beneficiaries are guaranteed to have at least two qualifying plans from which to choose. You also have the option to elect to receive all Medicare covered benefits, including new prescription drug benefits, under Medicare Advantage, the new name for the Medicare HMO program.

If you have coverage for prescription drugs through a former employer or union, check with the benefits administrator. Medicare prescription drug coverage may be different for you.

WHEN TO ENROLL

The initial enrollment period for Medicare beneficiaries runs for six months beginning November 15, 2005 and ending May 15, 2006. For those who join by December 31, 2005, drug coverage takes effect on January 1, 2006. Join after that

date and coverage becomes effective the first day of the month after the month of enrollment. If you become eligible for Medicare after November 15, 2005, the Medicare program will inform you of your six-month enrollment period.

The new drug benefit is voluntary. If you are eligible and do not enroll during your six-month enrollment period, but change your mind and sign up later, you will pay more. The late enrollment fee is approximately 1 percent of your premium for each month you delay, or 12 percent per year, and you will pay it as long as you stay in a Part D plan. For example, should you decide not to join a Part D plan when eligible, but change your mind two years later, your monthly premium will be 24 percent higher for the entire length of time you are enrolled in a Part D plan.

WHAT COVERAGE INCLUDES

Each plan has its own list of covered drugs (called a formulary) and the list may change during the year. Prepare a list of the name, dosage, and cost of the prescriptions you use. Since the drugs covered vary from plan to plan, this will help you choose the plan that best meets your needs. Be aware that you will be required to pay the full cost of drugs not on the plan's formulary.

MEDICARE PART D: COSTS

Medicare Part D participants pay a monthly premium set by the plan, an

annual deductible, and co-payments. Each plan can set up its own premium and co-payments, within certain guidelines set by Medicare. Under the standard plan, in 2006, individuals will pay a premium of about \$37 per month and will have a \$250 annual deductible.

After meeting your deductible, you are responsible for paying 25 percent of the cost of covered drugs, with Medicare making up the difference until your total drug expenditures reach \$2,250. Beneficiaries are responsible for paying 100 percent of drug costs between \$2,250 and \$5,100. Once the \$5,100 threshold is exceeded, Medicare pays 95 percent of your prescription drug costs, with no maximum benefit amount.

SUBSIDY AVAILABLE TO QUALIFYING INDIVIDUALS

As part of the new benefit, extra assistance is available through Medicare Part D for low-income individuals. Applications mailed this past summer will provide millions of qualifying individuals with a Medicare drug plan with little or no premiums or deductibles and low co-payments.

ADDITIONAL RESOURCES AVAILABLE

For additional information about Medicare Part D and how it may help you address your medical needs, contact your tax advisor or visit www.medicare.gov, where you will find helpful information about choosing a plan.

Exchanges of Non-Monetary Assets

Summary of Statement No. 153

In an amendment to APB Opinion Number 29, the exception for nonmonetary exchanges of similar productive assets is eliminated and is replaced with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange.

Reasons for Issuing This Statement

This Statement is the result of a broader effort by the FASB to improve the comparability of cross-border financial reporting by working with the International Accounting Standards Board (IASB) toward development of a single set of high-quality accounting standards. As part of that effort, the FASB and the IASB identified

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2005 Tax Changes You Need To Know

by David Schlueter, CPA, Partner, La Crosse Office, dschlueter@habco.com



- The rates for FICA and Medicare taxes will remain unchanged at 6.2 and 1.45 percent respectively for 2006, but the maximum taxable earnings for FICA purposes will rise from \$90,000 to \$94,200. The Social Security tax withheld for each employee cannot exceed \$5,580.00 and \$5,840.40 for 2005 and 2006, respectively.
- The 2006 cost of living adjustments:
 - The maximum employee elective deferral increases to \$15,000 from \$14,000 for 401(k) and 403(b) plans. The limit is \$20,000 if a participant is age 50 or above.
 - The annual compensation limit for figuring contributions to qualified plans increased to \$220,000.
 - The maximum employee elective deferral for SIMPLE retirement accounts remains at \$10,000. The limit is \$12,500 for those ages 50 and above.
 - The maximum deferrals with respect to deferred compensation plans of state and local governments and tax-exempt organizations under Code Section 457 increases to \$15,000 from \$14,000. The limit is \$20,000 for those ages 50 and above.

The maximum annual benefit for defined benefit plans increases to \$175,000.

The maximum annual addition to a defined contribution plan will be \$44,000, but cannot exceed 100 percent of compensation. The dollar limitation used in the definition of a highly compensated employee increases from \$95,000 to \$100,000.

➤ 2006 Standard Mileage Rates

Business Mileage Rate

For 2006, the standard rate for business mileage is 44.5 cents per mile.

Medical and Moving Mileage Rate

For 2006, the standard rate for medical or moving expenses is 18 cents per mile.

Charitable Mileage Rate

For 2006 the rate for charitable purposes remains at 14 cents per mile.

Make Your New Year's Resolution to "Make the List"

by Barb Sundet Davis, SPHR, Human Resource Consultant, bdavis@habco.com

Each year the Great Place to Work Institute compiles a list of the 50 Best Small and Medium Places To Work. The nominated companies are scored by responses to surveys from employees and the employers. Each of the employers has their own unique way of "making the list." However, there are some common themes that differentiate those on the list.

It is from these common themes that we can learn what it takes to "make the list:"

- Top companies pay well. The total compensation package of salary, bonuses, benefits, and profit sharing help employees to feel respected, appreciated, and fairly rewarded.
- Top companies engage their employees. They excite employees to work for them. The work itself has meaning and each employee feels like an important contributor.
- There is a sense of community in top companies. Employees feel a part of a "family." There is a sense of belonging. This also engenders a strong sense of commitment to the company, team, department, management, and co-workers.

- Employees feel that management listens. They feel that their opinions are respected. Because of this, top companies receive a huge number of suggestions.
- There is an emphasis on teams and working collaboratively.
- Top companies take training and career development very seriously.

Some specific examples from these top companies may work in your company:

- Employees gather with the president for monthly chats.
- There is no limit on vacation. Employees are trusted to do their work and take the time off that they need.
- High potential employees go through a training program where they work in teams on a specific real life task and report results to the company leaders.
- 100 percent of the new employees came from employee referrals. They have a vase of flowers on their desk on the first day of work.
- Employees created a new work environment that has an open concept, and a sound proof "scream room."

- Managers meet weekly with employees to review goals.
- Many of the companies paid 100 percent of medical, dental, and vision benefits.
- Many companies had substantial bonuses or profit sharing plans. One company gave bonuses as large as 50 percent of base pay.
- Employee relations activities included: annual ski trips, ice cream hour, basketball, gym, putting green, sending thank you notes to employees' homes, fishing trips, yoga, and monthly massages.

Though your company may not be able to afford all of these items, you also cannot afford to ignore them. Another factor that these companies all had in common was high retention rates and low turnover. The amount of money saved and the organizational knowledge retained by experiencing low turnover can fund many of the ideas mentioned above.

Your New Year's Resolution may not be to "make the list" but it could be to make some changes that will make a difference.

MOVING DIGITAL (Paperless)

by Steve Handrick, CPA, Partner, Green Bay Office, shandrick@habco.com



It is the talk of the times. Going digital and eliminating (reducing) paper. No more “red files”, audit bags, and tons of paper copies. Instead you are seeing our staff armed with laptops and wireless connections. Moving toward a complete digital environment has many benefits to both you as the consumer of our services and to us, the provider of those services. Among them a) quicker accessibility to your data when you contact us, b) ability to transfer documents, letters, reports, etc. between users using technology, c) improve efficiency, d) improve our ability to hire highly trained professional and technically orientated staff, and e) better quality control.

Our digital initiative began 3-4 years ago when we began creating digital copies of your tax returns rather than printing paper copies and placing them in our file rooms. Last year all offices began scanning supporting documentation and the client organizer we received from our 1040 clients. We also began sending certain correspondence such as this bi-monthly newsletter, invoices, and statements electronically.

Over the last year, we have provided our audit staff laptops which they have been taking to our client’s place of business, they then connect through the internet to our firms servers which allows staff access to all our software programs as if they were sitting at their desk in the office. This tax season we are providing laptops to all our tax staff so that they can visit with clients for tax planning and other consulting.

This past summer, all firm staff were trained on new engagement management software called “Engagement”. We have been feverously spending time this summer and fall converting our business client’s prior trial balances, reports, and Excel workpapers into this software. Prior digital copies of tax returns are also being placed in these digital binders. Eventually, all documents such as articles of incorporation, buy-sell agreements, leases, etc. will be stored electronically,

allowing us easy access to them anywhere in the world where there is an internet connection.

This tax season we will be able to “push” your tax return to a secure internet site for your review. In the future, it is our hope that we be able to provide you with a secure personal internet portal where we can place (and you can add to) all your important documents, prior tax returns, and financial statements.

How can you assist us with our digital initiative? You will note that our Prepared By Client (PBC) letters this year will ask for submission of your trial balance to us in an Excel format. This step has been pretty common for some time now but will now be more important than ever. In addition, the PBC letter will request that other documents be in a digital format when ever possible. Rather than printing a paper version of a report or schedule we request, see if your software program will allow you to print the report to an Excel or PDF file. A neat way to save this information for us is to set up a folder on your hard drive called something like \accountant\2005 (and next year the folder would be \accountant\2006) and store all the files you create in that folder. Then, either copy the files in this folder to a CD or flash card or have that media available for us like you would a paper version. In addition, digital files you receive from us can also be stored in that folder, providing you a mini year-end binder of your own.

While we transition from paper to digital, there will still be some paper so do not be surprised when you receive a paper or two, or three..... Our goal is to be entirely digital within two years.

These are exciting times for us and our move toward digital will allow us to connect with you in a much more efficient and expedient manor.

Come on board and join us for the ride!

Exchanges of Non-Monetary Assets ... continued from page 5

opportunities to improved financial reporting by eliminating certain narrow differences between their existing accounting standards. The accounting for nonmonetary exchanges was identified as an area in which the U.S. standard could be improved by eliminating certain differences between the measurement guidance in Opinion 29 and that in IAS 16, Property, Plant and Equipment, and IAS 38, Intangible Assets.

How the Changes in This Statement Improve Financial Reporting

Opinion 29 provided an exception to the basic measurement principle (fair value) for exchanges of similar productive assets. That exception required that some nonmonetary exchanges, although commercially

substantive, be recorded on a carryover basis. This Statement eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance- that is, transaction that are not expected to result in significant changes in the cash flows of the reporting entity. By focusing on the exception on exchanges that lack commercial substance, the Board believes this Statement produces financial reporting that more faithfully represents the economics of the transactions. Moreover, in making that amendment, the Board decided to use language that is similar to that used in IAS 16, noting that doing so would promote more consistent application of the requirements of those standards.



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HABCO Giving Back To Our Communities

HABCO has a strong commitment to giving back to the communities we serve. In the past few months we have been very busy giving of our time, money, and energy.

- “Adopt a School Program”: Through an initiative developed by the WICPA, HABCO is adopting four high schools. The goal of this program is to establish a relationship with the schools and to become a resource for the teachers. Through various activities coordinated with the schools, we educate students and teachers about the accounting profession and provide “hands on” learning experiences.
- HABCO was a “board” sponsor and contributor to the Habitat for Humanity.
- In November, HABCO sponsored both performances of the La Crosse Symphony Orchestra.
- HABCO has set up a “Giving Tree” to give presents to the Jaycees Toys for Tots Program.

- For the holidays, our employees have adopted a family. Our family of seven, with disabled parents, will receive both new and used presents to help make their life easier and their holidays a bit brighter.

Year End Reminders

Employers please keep in mind that to process payroll in the new calendar year, these are some forms that your employees must renew.

- Form W-4 for 2006 for any employee that has claimed exempt from federal withholding.
- Form W-5 for 2006 for any employees requesting Advance Earned Income (EIC) payments.
- Reciprocity forms as needed. Wisconsin residents working in Minnesota must file Form MWR and Minnesota residents working in Wisconsin must file Form W-222 annually.

IRS CIRCULAR 230 NOTICE

Any tax advice expressed in this communication (including any attachments) is not intended to be used, and cannot be used, for the purpose of avoiding penalties imposed on the taxpayer by any government taxing authority or agency. In addition, if any such tax advice is made available to any person or party other than the party to whom the advice was originally directed, then such advice, under IRS Circular 230, is to be considered as being delivered to support the promotion or marketing (by a person other than Hawkins, Ash, Baptie & Company, LLP) of the transaction or matter discussed or referenced. Thus, each taxpayer should seek specific tax advice based on the taxpayer's particular circumstances from an independent tax advisor.