



GROCO WEEKLY

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Weekly Wealth Building Tips

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in this issue...

- Storing tax records: How long is long enough?
- Don't Gamble With Your Taxes: Read the Fine Print About Incorporating in Nevada
- Leaders as Teachers
- Tax Traps for New Real Estate Investors

Don't Gamble With Your Taxes: Read the Fine Print About Incorporating in Nevada



Ever wonder about those ads that promise big tax savings for incorporating in Nevada? While there is nothing inherently wrong with incorporating or registering in Nevada or any other state for that matter, we do see many instances where taxpayers run into problems.

Since we get many questions about this issue, we decided to dispel some of the myths about avoiding California taxes by incorporating out-of-state.

Q. What is the controversy?

A. Some tax planning advisors and promoters are encouraging businesses, many of which only operate in California, to incorporate or register in non-income or non-franchise taxing states such as Nevada or Delaware.

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Leaders as Teachers

In life we encounter many different people. Some leave lasting impressions on us that make us want to be better, to improve. These mentors teach us through their example. They lead not for fame and glory, but because they want to make a difference in the lives of those whom they come into contact with. True leaders live the principles that they teach and thus teach those around them through example.



In a business setting, the same is true. Those whom we tend to follow teach us to be diligent in our work habits. Leadership abilities are exercised through their, sometimes, quiet examples.

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Tax Traps for New Real Estate Investors



Perhaps one shouldn't be surprised that new real estate investors fall into the same tax traps again and again. Real estate burdens investors- especially new investors-with some tricky tax accounting.

But just because some other newbie makes these mistakes, that doesn't mean you need to. You just need to know where the traps are so you avoid them. And here are the biggest real estate tax traps you *don't* want to fall into:

Tax Trap 1: Passive Loss Limitation

On paper at least, real estate often loses money. Even if the rent pays the mortgage and the operating expenses, the books still show a loss because you get to write off a portion of the purchase price through depreciation each year.

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 **GREENSTEIN, ROGOFF,
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Storing tax records: How long is long enough?



Tax Record Retention Guide

April 15 has come and gone and another year of tax forms and shoeboxes full of receipts is behind us. But what should be done with those documents after your check or refund request is in the mail?

Federal law requires you to maintain copies of your tax returns and supporting documents for three years. This is called the "three-year law" and leads many people to believe they're safe provided they retain their documents for this period of time.

However, if the IRS believes you have significantly underreported your income (by 25 percent or more), or believes there may be indication of fraud, it may go back six years in an audit. To be safe, use the following guidelines.

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