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## MONTHLY NEWSLETTER MAY 2009

### CEREFICE NEWS

Tom Corley's book, "Rich Habits", is moving along the production line. The book's cover has been created and many of our clients have remarked favorably on the design. The Rich Habits web site is now up and running. Go to: [WWW.RICHHABITS.NET](http://WWW.RICHHABITS.NET)  
To view the web site and check out the great cover design.

### NEW JERSEY TAX NEWS

The news from Trenton just keeps getting worse. At a time when our citizens are struggling to pay their monthly bills, our politicians are trying to find more ways to pick our pockets.

#### **Payroll Tax Increases:**

Our politicians essentially bankrupted the NJ Unemployment fund by using dedicated monies to pay for unrelated state expenditures over the years. In an effort to keep the fund solvent, Corzine has proposed an increase in payroll taxes on businesses in an amount of \$90 per employee. They hope to raise \$400 million through this initiative. A tax on payrolls in the midst of a terrible recession would be devastating to businesses.

#### **Corporate Taxes:**

In spite of the growing exodus of several large homegrown NJ businesses, Trenton is committed to continuing the 4% surcharge on corporate income taxes. The surcharge was, by law, to end after 2009. As with any new tax in NJ, this tax shall continue into 2010 and beyond.

#### **Personal Income Taxes:**

Seemingly, in an effort to see how much we will take before we revolt, Corzine's budget includes several increases to the Personal Income Tax structure. Firstly, there will be a  $\frac{3}{4}$ % increase in the income tax rate from 8.97% to 9.72% for those making more than \$500,000 per year. This, we are told, is a one-time, one-year (2010) tax increase. To Trenton "one-time" means "one lifetime" to many of its residents. They're not done, however. Corzine proposes to do away with the property tax deduction for all taxpayers and if you make more than \$75,000 per year, good-bye property tax rebate as well.

I was looking for a provision in the proposed budget in which the State imposed a surcharge on moving companies who assist residents/companies in a move to another state but I did not see any such provision (yet).

### UNEMPLOYMENT BENEFITS

NJ law permits employees to qualify for partial unemployment benefits if the employee is working 80% or less of their usual workweek hours. For example, if your employer reduced your hours from 40 to 32, you would qualify. Call Cerefice if you believe you qualify.

**WHO ACTUALLY PAYS INCOME TAX?**

The top 10% of income earners in the U.S. pay 72.4% of the nation's income taxes. This group pays more in income tax than they would in Communist China. Let that thought settle in for a minute. It gets worse. If you are in the bottom 60% of income earners, you paid less than 1% of the income tax burden. Gets worse. If you are in the bottom 40% you paid nothing. In fact, you received money from the government totaling about \$33.3 billion.

Is it fair that 10% pay 70% of the income tax? Is it fair that almost 50% of the country is exempt from paying any income tax? With the government running an almost \$2 trillion deficit, no one should be exempt from paying income tax. No one. At the end of the day, no matter your political underpinnings, the U.S. will not be able to sustain these deficits under this very imperfect tax system. To prevent the collapse of the dollar and our economy, politicians will have no choice but to end Social Security and Medicare as we now know it.

Our existing tax system and spending mania simply cannot be sustained for much longer. This recession is only a tremor.

We thank each one of our clients for their numerous referrals.

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