

Ohnstad Twichell, P.C., is a full service law firm having a general and trial practice in all state and federal courts and offering services in the fields of probate, real estate, estate planning, corporate, employment law, municipal finance and bonding, bankruptcy, personal injury, criminal, negligence, commercial, insurance defense, water rights and automobile law.

## IT'S TAX TIME AGAIN



**John A. Juelson,**  
*works in the Hillsboro  
and Page offices and  
devotes his practice  
to estate planning,  
probate, real estate and  
taxation.*

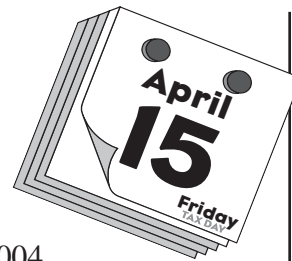
Whether you do your own tax return or have your return prepared by a paid preparer, you may be feeling a bit overwhelmed right now if your goal is to stay reasonably current on the tax laws which affect you. For those of you who have your taxes prepared by Ohnstad Twichell, you know that annually we write you and summarize some of the tax law highlights for the current year. I also note that in our Ohnstad Twichell Newsline, we have in recent years done an income tax article and an estate tax article on the Taxpayer Relief Act of 1997. We also have done an income tax article and an estate tax article on the Economic Growth and Tax Reconciliation Act of 2001. Then there was the Newsline article on the Jobs and Growth Tax Relief Reconciliation Act of 2003. Now I have the opportunity of writing about either the Working Families Tax Relief Act of 2004 or the American Jobs Creation Act of 2004. In this article, I will first comment briefly on the American Jobs Creation Act of 2004. Then, a few comments will be made on the Working Families Tax Relief Act of 2004. Finally, I will close with a few comments on tax simplification.

The American Jobs Creation Act of 2004 was passed October 11, 2004, and is primarily directed toward large business. In this Act, there are, of course, some provisions affecting individuals and small businesses. One provision which will clearly affect many individuals and small or closely-held businesses (including farmers) is the creation of a new deduction for businesses having income attributable to "domestic production activities." A 3% deduction starts in 2005 and when fully phased in the deduction will be 9% of net earned income from domestic (U.S.) production activities. The application of this deduction is expected to be widespread - for example, the deduction will likely apply to manufacturing, farming, construction, architectural and engineering services and more - and we will carefully watch as guidance and regulations become available for properly claiming the deduction.

The "Working Families Tax Relief Act of 2004" was enacted October 4, 2004, and primarily affects individual taxpayers. The following are some of the highlights of the new law:

- Retains the 10% tax bracket, with inflation adjustments, through 2010. The amounts taxed at the 10% rate are: \$7,150 for single filers, \$10,200

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*A legal  
newsletter from  
Ohnstad Twichell, P.C.,  
with offices in  
West Fargo,  
Fargo, Hillsboro,  
Mayville, Page,  
Hope and Finley,  
North Dakota, and  
Detroit Lakes, Minnesota*

American Jobs

Creation Act

of 2004

Working Families

Tax Relief Act

of 2004

Tax Simplification

- for heads of households; and \$14,300 for joint filers and surviving spouses.
- Delays for one year a scheduled reduction in the exemption amounts for the individual alternative minimum tax (AMT). The exemption amounts for 2004 and 2005 are: \$40,250 for unmarried taxpayers; \$58,000 for joint filers and surviving spouses; and \$29,000 for married filing separately.
  - Allows marriage penalty relief as it keeps the differentials at 200% through 2010. In 2004, the standard deduction for joint filers and surviving spouses is \$9,700 (vs. \$4,850 for single filers) and the amount taxed at 15% is \$43,800 (vs. \$21,900 for single filers).
  - Retains the \$1,000 child tax credit per qualifying child through 2010.
  - Extends the provision that eligible educators can deduct up to \$250 in qualified expenses paid through 2005 without having to itemize.
  - Allows a full credit of up to \$4,000 for qualified electric vehicles and deduction of up to \$2,000 for “qualified clean-fuel vehicle property” purchased in 2004 & 2005.

To conclude, I promised a few comments on “tax simplification.” It appears that one of the tax reform goals of President Bush is tax simplification. Whether simplification is possible remains to be seen; however, at this time it appears that some modification of our present Internal Revenue Code is quite possible. Consequently, I believe it is unlikely at this time that we will see a flat tax adopted and unlikely that we will see a national sales tax. Tax simplification has been a goal before - we will await the results this time around.

The information in this article is intended to be of interest to you and general in nature. Please contact your local Ohnstad Twichell office with any specific tax questions.

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## IDENTITY THEFT— LATEST TIPS TO HELP YOU



*Michael D. Nelson, works in the West Fargo office and devotes his practice to commercial litigation.*

A corporate attorney (in-house counsel) recently had his wallet stolen. He became an instant victim of identity theft. In the process he learned a few things, and later sent the following memo to employees of his company:

### *An Attorney's Advice*

1. The next time you order checks have only your initials (instead of first name) and last name put on them. If someone takes your checkbook they will not know if you sign your checks with just your initials or your first name but your bank will now how you sign your checks.
2. When you are writing checks to pay your credit card accounts, DO NOT put the complete account number on the “For” line. Instead, just put the last four numbers. The credit card company knows the rest of the number, but anyone who might be handling your check as it passes through all the check processing channels won't have access to it.
3. Put your work phone # on your checks instead of your home phone. If you have a P.O. Box use that instead of your home address. If you do not have a P.O. Box, use your work address. Never have your Social Security Number printed on your checks.

4. Place the contents of your wallet on a photocopy machine, do both sides of each license, credit card, etc. You will know what you had in your wallet and all of the account numbers and phone numbers to call and cancel. Keep the photocopy in a safe place. I also carry a photocopy of my passport when I travel either here or abroad. We've all heard horror stories about fraud that's committed on us in stealing a name, address, Social Security number, credit cards, etc.

Unfortunately I, an attorney, have firsthand knowledge because my wallet was stolen last month. Within a week, the thief(s) ordered an expensive monthly cell phone package, applied for a VISA credit card, had a credit line approved to buy a Gateway computer, received a PIN number from DMV to change my driving record information online, and more.

But here's some critical information to limit the damage in case this happens to you or someone you know:

1. We have been told we should cancel our credit cards immediately. But the key is having the toll-free numbers and your card numbers handy so you know whom to call. Keep those where you can find them.

2. File a police report immediately in the jurisdiction where your credit card was stolen; this proves to credit providers you were diligent, and is a first step toward an investigation (if there ever is one).

But here's what is perhaps most important (I never even thought to do this):

3. Call the three national credit reporting organizations immediately to place a fraud alert on your name and Social Security number. I had

never heard of doing that until advised by a bank that called to tell me an application for credit was made over the Internet in my name. The alert means any company that checks your credit knows your information was stolen and they have to contact you by phone to authorize new credit.

By the time I was advised to do this, almost two weeks after the theft, all the damage had been done.

There are records of all the credit checks initiated in connection with the thieves' purchases, none of which I knew about before placing the alert. Since then, no additional damage has been done, and the thieves threw my wallet away this weekend (someone turned it in). It seems to have stopped them in their tracks.

**The numbers are:**  
**Equifax:** 1-800-525-6285  
**Experian (formerly TRW):**  
1-888-397-3742  
**Trans Union:** 1-800-680-7289

**Social Security Administration**  
**(fraud line):**  
1-800-269-0271

*A word to the wise. . . .*



*Tips to Help*

*Identity Theft*



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OFFICE ADMINISTRATOR & EDITOR  
PEG BUCHHOLZ, PLS

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### NEWS FROM OHNSTAD TWICHELL, P.C.

Robert G. Hoy was recently named 2004 “Boss of the Year” by NALS of Fargo-Moorhead, an association for legal professionals.

John A. Juelson was recently elected to the Hillsboro Kiwanis Housing Board of Directors.

Joshua D. Roaldson was recently elected President of

the Red River Valley Paralegal Association; Julie M. Koppelman was elected Treasurer of the Red River Valley Paralegal Association; and Mistte J. Maddock was elected NALA Liaison.

Marshall W. McCullough recently presented an overview of estate planning and charitable

giving at St. Joseph’s Parish Community; he also hosted a presentation at Bethany’s Homes on probate procedures.

For the 10th consecutive year, Bob Rosenvold was selected by his peers as one of the “Best Lawyers in America.” Less than 5% of the practicing attorneys in America are given this honor.



Peg Buchholz and Kay Stromberg for 20 years of Service at OT.

Marshall McCullough for 10 years of Service at OT.

Ross Keller for 5 years of Service at OT.

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The information provided in this letter is of a general nature and should not be acted upon without prior discussion with your Ohnstad Twichell, P.C., attorney.

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