

BUSINESS

MONEY MANAGEMENT

Extending yourself when you file tax return

Special to Sentinel-Voice

If this April 15 income tax filing deadline is coming up a bit too fast for you, the Nevada Society of CPAs has some good news and some bad news. The good news is that it's easy to get an automatic four-month extension. The bad news is that you'll be assessed interest and possible penalties for any taxes that are due.

Automatic Extensions

When you file Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return," the Internal Revenue Service (IRS) gives you until August 15, 1997 to file your 1996 tax return. Anyone can get a four-month extension. There's no need to give a reason for your delay. But don't wait

too long—you must file Form 4868 by the normal due date of your return or the extension will not be granted.

Filing Extensions, Not Payment Extensions

The automatic extension applies only to filing your return. It doesn't mean that you get an extra four months to pay the taxes you owe. When you file form 4868, the IRS requires you to make a reasonable estimate of the balance due on your 1996 tax bill. If the total tax you've paid by April 15, including withholding, estimated tax payments, and the check you send in with Form 4868, doesn't total at least 90 percent of the total tax due on your return, a late payment penalty will generally be imposed. (The remaining 10 percent must be paid upon filing your tax return.) Of course, interest on the balance due also will be charged. So, while the IRS doesn't expect you to figure out your final tax bill to the penny, it's to your advantage to calculate the tax due as closely as possible.

Further Extension

If you filed for an automatic four-month extension and discover that you still need more time, you can apply for an additional two-month extension. Before you let out a sigh of relief, though, you should know that this extension is not automatic. This time you'll need to provide a detailed explanation as to why you need more time. If the IRS thinks your reasons are good enough, it will approve your request and notify you that you have until October 15, 1997 to file your return. You should request the extension early, so that if the IRS refuses your request, you'll still be able to file on time.

Rules for Taxpayers Overseas

If you're a U.S. citizen or resident living outside the U.S. and Puerto Rico (including

military personnel), you automatically are granted a two-month extension to file your return without even requesting an extension. However, you must attach a statement to your return showing that you are entitled to such an extension. The time for payment of tax is also extended for two months; however, interest will be assessed on any unpaid tax from the due date of the return (without regard to the automatic extension).

In the case of a married couple filing a joint return, the automatic extension applies even if just one spouse is overseas on April 15. But if you and your spouse file separate returns, only the spouse who is actually overseas is eligible for the additional time. When you file your return, be sure your attached statement explains that you qualify for extension by virtue of being outside the country on April 15.

Late-Payment Penalties ... and How to Avoid Them

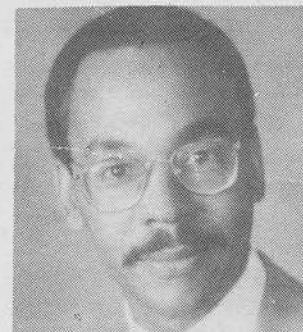
Don't add to your tax bill by failing to pay it off on time. If you're unable to pay the full amount due with your request for an extension, you should still file Form 4868 to avoid facing a stiff late penalty. CPAs recommend that you include a "good faith" payment or as much of the tax due as you can afford to pay. You can complete Form 9465, "Installment Agreement Request," if you'd like to request to pay the remaining taxes in monthly installments. The IRS will notify you within 30 days as to whether or not the installment plan you propose is acceptable.

Contrary to what you may think, filing an extension doesn't put you on the IRS's audit hit list. In fact, you're more likely to be audited if you make an error on your return than if you file an extension.

FINANCIAL REPORT

Don't let wild market scare you away from stocks

Fred Snyder
Sentinel-Voice



FRED T. SNYDER

The recent peaks and valleys of the stock market can raise any investor's stomach acid to uncomfortable levels. But if you're like many investors, you should have long term financial goals you wish to achieve.

So, how should you position your portfolio during such a market? The same way you should at any time of the market - with a steady approach that focuses on the long term.

Stock prices, as any investment's prices, will fluctuate over the short term, but historically, buying large-company, divided-paying, value-oriented stocks has been a sound defensive approach to investing in the stock market. In fact, a recent Wall Street Journal article cited that the Dow Jones Industrial Average at the end of March, 1997 was still about 18% higher than its March, 1996 levels. Despite a 300 point drop at the end of March.

Wondering what you can do to maintain a discipline, long-term focus on your investing plan? Among some of the simple strategies you can consider in light of fluctuating market conditions are:

- **Dollar Cost Averaging.** This strategy offers one good way to invest over the long term. With this approach, you simply invest a consistent amount at regular intervals, such as each month, into selected stocks or mutual funds, regardless of the current market conditions.

- **When prices go up, your money buys fewer shares, and when prices go down, it buys more.** As a result, the average cost of the shares you buy winds up lower than the average prices of the stock during the period you make the investment. Of course, dollar cost averaging does not guarantee profits, nor does it protect against loss in declining markets. You should also consider your emotional and financial liabilities to maintain this program.

- **Diversification.** You can help reduce the overall risk of price decline in your stock portfolio by diversifying the types of stocks you own. For example, you can purchase stocks of companies that come from different industries. Or, you can invest in larger companies that generate revenues from several countries or from several different products. The wider array of stocks you own, the better chances you have to protecting your investments from the inevitable slumps a specific industry or sector will experience. If you don't have a great deal of money to invest in individual stocks, mutual funds can also help with diversification of your portfolio.

- **Defensive Stocks.** Remember, you shouldn't bail out of the stock market simply because of some short-term volatility. Smart investors who show patience and discipline can be rewarded by keeping a long-term focus and using a well-thought investing plan. An investment professional can give you more details on how you and your stock portfolio can stay brave no matter how topsy-turvy the market may get.

Dollars & Sense

By Byron Elson

If you were planning a long road trip, most likely you would have a destination in mind. When it comes to planning your financial future, your goals serve as your destination, pointing you in the right direction. Do you want to save for a down payment on a house or for a European vacation? Over the long term, are you planning to send your children to college or retire when you are 50? Be sure to put your specific short- and long term goals in writing to help you stay on the right course.

The next step is to determine where you currently stand financially. Put together a personal balance sheet that lists your assets— that is, what you own — such as the value of your investments, retirement plan and your home. It also should show your liabilities — what you owe — such as your mortgage, home equity loans and credit card balances. The difference between the total value of what you own and what you owe is your net worth.

To accomplish your goals, you need to make your net worth grow. There are four ways to increase your net worth: through money you save from your earnings; through income from your savings and increases in the market value of those investments; by building equity in your home; and by reducing your debt. The two financial exercises that will help you build your net worth are preparing a budget and devising an investment plan.

Before preparing a budget, it is helpful to put together a cash flow statement that tracks your income and your expenses over a period of time. By analyzing your cash flow statement, you should be able to see if you are spending too much in certain categories and not enough in others. Then, it is up to you to establish a budget that sets spending limits and generates income for saving toward your goals. Keep in mind that the more realistic your budget, and the more realistic you are about sticking to it, the better your chance of meeting your goals.

**GET A CAR TODAY!
NO CASH DOWN - OK
NO CASH FOR INSURANCE - OK
NO CREDIT OR BAD CREDIT - OK
WE'LL MAKE A WAY**

OVER 500 CARS TO CHOOSE FROM:

Hondas, Chevs, Pontiacs, Fords,
Mazdas, Cadillacs, Dodges, Toyotas, etc.

**Accepting All Trades: Smashed,
Crashed, Push, Pull or Drag In**



457-4161

Ask For
**CRAIG
TOWNES**

**2 YR. WARRANTY AVAILABLE ON MOST VEHICLES
Desert Chrysler-Plymouth**
(on Fremont / Mojave near Showboat Casino)

**Get prequalified today,
and move tomorrow.**

Some loans require
no money down
No Qualifying
Loans available
FHA, VA,
Conventional,
Equity Loans

*Profed
Mortgage*

501 S. Rancho Dr., Suite B-10 • 366-1266 • Pager 391-7474



*Crystal Cole
Senior Loan Officer*

NOTARY PUBLIC

AT YOUR CONVENIENCE

Ask for Deborah

Call 631-0098

DOOR TO DOOR SERVICE

Open 7 Days • 9 a.m. to 6 p.m.

BY APPOINTMENT ONLY

Licensed and Bonded