

BUSINESS

Last-minute tax tips save penalties, allow deductions

BY JIM JENKINS
SPECIAL WRITER

File an extension!
This is the best possible "last minute" tax return filing advice. Failure to file is the most onerous tax penalty. Filing an extension protects you from this penalty and allows time to ensure you have taken every allowable deduction and credit. It does not, however, extend your obligation to pay owed taxes.

A failure to file any tax return within the time prescribed by the IRS is not only against the law, it may result in an addition to tax. A non-filed return will be charged 5 percent for each month outstanding — up to a maximum total of 25 percent. Filing without paying puts you in debt to the government, but is not considered a "criminal act."

Unsure what your liability is? If you make estimated payments and believe you have no liability for 2001, include the amount of your usual quarterly estimate with the extension. If it turns out that you do not have any remaining liability, the payment sent with the return becomes the first quarter estimate for 2002.

File a federal extension even if you

believe you are ultimately due a refund. Since tax penalties are based on outstanding liabilities, many people have a tendency not to file an extension if they feel they are due a refund. However, tax law is very complicated and treacherous, and your assumed refund can quickly turn into a big liability.

The extra time provided by an extension will reduce the chance that you will omit important items and will increase the chance that you will find tax savings. For example, "goods" donations to charitable organizations can be deducted for their "gift shop" value; or you may be eligible for a credit this year if you paid the alternate minimum tax last year.

Note that there are many considerations facing anyone doing a tax return or estimating a tax liability. Here are some examples:
■ The alternate minimum tax is limiting or even eliminating itemized deductions and items like the low-income housing credit for lower and lower-middle class taxpayers with high income tax, real estate tax or job-related itemized deductions.
■ Forgetting that an investment was

GUEST COLUMNIST



JIM JENKINS

moved from one mutual fund to another can be a real tax killer. Don't overlook the Form 1099B to report this transaction as a taxable event. (If you move an investment in a child's name check for large capital gain has been generated.) There is no need to file if investment interest is under \$700. Failure to file and late payment penalties will ensue if that amount is surpassed.

■ Keep an accurate and detailed record of business activity if you're self-employed (or receive a 1099 Misc. form). The U.S. Congress provides the IRS

with the authority to reconstruct records if the taxpayer's bookkeeping is deemed inadequate to find "appropriate tax liability."

■ There are generous education credits available for yourself or your dependents. The Hope credit is for the first two years of post-secondary education. The credit provides up to \$1,500 in tuition payments that can reduce your tax liability dollar-for-dollar. The Lifetime Learning credit is 20 percent of the first \$5,000 in tuition for a maximum credit of \$1,000. It's important to note that these education credits are phased out for married couples with an adjusted gross income between \$80,000-\$100,000.

Filing an extension

It's easy to file an automatic four-month extension and there are different ways to do so.

■ You can fill out and mail Form 4868 to the IRS through April 16. On this form, you fill in your name, address, social security number, estimated liability, and the taxes you paid in 2001 through federal withholdings and estimated tax. You should enclose a check

for any difference.

■ You can also file for an extension by phone or over the Internet if you use a credit card to make a tax payment. Form 4868 does not have to be filed if you use a credit card. Payment is made through a service provider that handles the credit card transaction. The instructions for Form 4868 lists the form numbers and Web site addresses of the service providers.

■ You may also electronically file Form 4868 and make a payment by authorizing a direct debit form from your checking or savings account.

In keeping all of this in mind, remember that you can always count on the use of a tax professional. These people are often better rested, more aware of all the credits and deductions available and have more time to devote to your situation in June or July (the extension period) than in the day or two preceding the April 15th deadline.

Good luck and happy filing!

Jim Jenkins is a certified public accountant and owner of Jenkins & Company, 17288 W. 12 Mile Road, Southfield, MI 48076. Contact him at (248) 652-9494.

For diabetics, proper foot care can save life and limb

When you hear the word diabetes, a condition that occurs when the body doesn't produce enough insulin to convert sugar into energy, you probably think about things like proper diet, glucose levels, kidney failure and dialysis. But very few people, including many of the 10 million Americans with the disease, would associate diabetes with foot care.

However, a serious complication of diabetes is the development of ulcers or sores on the feet.

Nearly one in five diabetics with foot complications will experience serious life-threatening infections that will result in amputation of a lower extremity. But if a diabetic invests time at home and with a physician to do preventive foot care, at least 60 percent of those amputations can be avoided, so believes Dr. Mary Catherine Spires, clinical assistant professor, U-M Health System Department of Physical Medicine and Rehabilitation.

"More than 70,000 people undergo an amputation of their lower extremities because of diabetes," she says. "But it can be easily prevented with some simple care, including things that a person can do right in their own home."

Complications

Many common complications resulting from diabetes include blindness, kidney failure and nerve damage, which can lead to numbness and loss of feeling usually in the feet and hands. Often, when diabetics have

nerve damage, they experience a loss of feeling and may not even know that they have an injury or an ulcer or sore developing on the bottom of their feet.

Nerve problems associated with diabetes usually result in the feet. Often, people will experience burning sensations in their feet, which can be extremely irritating, painful and even interfere with sleep.

Those feelings are a definite sign that it's time to seek professional treatment, Spires says. If a physician can begin treatment at the first signs of nerve problems, he or she can start aggressively working to prevent more complicated problems and avoid future amputation.

One key component to preventive diabetic foot care is for the patient and the physician to visually examine the foot regularly. Spires says diabetics should take special note of any foot abnormalities such as hammer toes, bunions and a flattened foot arch. When feet take on these abnormalities, the risk for calluses increases, which can lead to sores and infection.

Spires encourages all of her patients to examine their feet at least daily and look for sores, breaks in the skin, calluses or rashes.

One of the most common difficulties a diabetic will experience with his or her feet involve toenails. Often a diabetic's toenails will grow in an irregular shape and if the patient has difficulty reaching his or her feet, it may be difficult to cut the nails prop-

erly. This can result in a fungal infection or skin irritation. So, they should always try to cut the nail straight across and gently file sharp corners with an emery board.

Foot care tips

In any case, Spires strongly recommends that all diabetics be extremely protective of their feet. Some additional tips to help prevent foot injury include:

■ Avoid extreme temperatures and always be sure to keep your feet warm in cold weather.

■ Wear comfortable, well-fitting shoes with closed heels and toes. Make sure your shoes are the correct size. Avoid tight shoes.

■ Do not go barefoot.

■ Use lotion to keep skin moist and soft but avoid putting lotion in between the toes where excess moisture could collect.

■ Avoid tight-fitting socks and hose.

■ Keep your feet clean. Feet should be washed daily and dried thoroughly, especially between the toes.

■ Add exercise in to your daily routine to improve blood-flow to your legs and feet.

■ Never use heating pads and hot water bottles on your feet. They have the potential to burn the skin.

No bare feet

Spires also says it's never a good idea for a diabetic to walk around barefoot — something Sally Joy learned the hard way.

In the 36 years that Joy has had diabetes, she's experienced many complications due in part to poor blood sugar control. Recently, Joy encountered another complication: an ulcer on the bottom of her foot.

Joy initially injured her foot rock hopping while on vacation in Maine. Undue pressure on the bottom of her foot caused an

open sore that she says just wouldn't go away. She later found that a lack of nerve endings in her foot was causing unequal pressure in the foot and preventing the ulcer from healing.

After that experience, Joy, who now receives regular foot treatment, realized the importance of preventive foot care.

"Every day when I take my shoes off at bedtime, I give them the once-over. I inspect closely to watch for any changes, any areas that look red or that are beginning to show some kind of injury."

Unlike Joy, another patient named Steve Parkinson did not seek immediate help from his physician when ulcers began to develop on the bottom of his feet. At first, Parkinson, a diabetic for 38 years, noticed a loss of feeling in his toes and that his toenails were no longer growing.

Those problems eventually

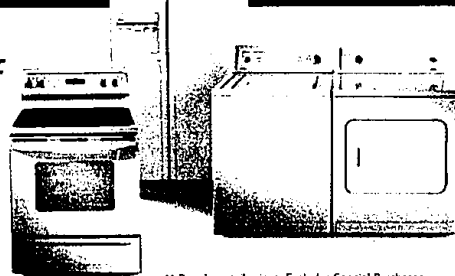
advanced to ulcers on his feet that were very slow to heal. Finally, when the ulcers would not heal, Parkinson sought help from his physician.

Due to both his smoking and his diabetes, Parkinson had developed severe arterial disease, a condition that restricts blood flow to the arteries that supply blood to the legs and feet. As a result, Parkinson needed to have his foot amputated. But he hopes that other diabetics will learn from his experience.

"You need to examine your feet each and every day for any kind of abrasion, any indication of a cut and you need to keep your toenails trimmed properly," he advises. "Also, have your doctor examine your feet very carefully several times a year to make sure you have adequate blood flow and to be sure you're doing everything you can to keep your feet in good condition."

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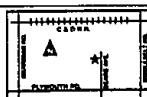
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BUSINESS CALENDAR

APRIL

AJWW
The American Association of University Women will meet 7 p.m. Tuesday, April 16, at Emmanuel Lutheran Church, 34587 Seven Mile, Livonia. Wayne County Commissioner Lynn Banks will discuss the new McNamara terminal, the Phoenix Museum and term limits. Call (734) 691-0652 or (734) 691-0842.

WOMEN BUSINESS OWNERS
Comerica Bank and the Greater Detroit Chapter of the National Association of Women Business Owners presents a "Power Perks Breakfast" 8-10 a.m. Wednesday, April 17, at the Comerica Southfield Tower, 29201 Telegraph Road, 2nd Floor, Southfield. Call (800) 829-5214 by April 8.

MORGAN STANLEY
Otha Smith, a mutual fund con-

sultant with Morgan Stanley, will present the seminar "Smart Solutions for Your Retirement Distribution" 7 p.m. Thursday, April 18, at the Marriott Hotel, 17100 N. Laurel Park, Livonia. Call (734) 779-8025.

EMPLOYMENT LAW
Clark Hill's Employment Law Group will present the 19th annual Employment Law Conference 8:30 a.m. to 4 p.m. Thursday, April 25, at the Troy Marriott, 200 W. Big Beaver Road, Troy. Designed for CEOs, in-house corporate counsel and human resource directors. Registration is \$150 (\$125 if received by April 5). Call Dawn Brady at (313) 965-8807 or e-mail dbrady@clarkhill.com.

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