

## Flea facts

by Jeff Quinn, DVM

Fleas create a great deal of business for veterinarians. In our area, flea season is year around. It never gets cold enough long enough for effective control. Fleas like warm and wet weather. The flea life cycle from egg to adult can be as short as six weeks or as long as two years depending on temperature and humidity.

Fleas cause everything from minor scratching and itching to acutely infected hot spots to chronic allergic dermatitis. One or two fleas can make a dog or cat miserable, especially if they are allergic. Fleas are also the host in the life cycle of tapeworms.

Veterinarians and pet owner's lives have been made considerably easier in recent years with the introduction of several new flea control products. Many of us remember the days of bathing, dipping, spraying and powdering. Fortunately those days are gone. We now have in our arsenal an easy to apply once-a-month topicals that really work. We also have a variety of other effective products for flea control including oral tablets and twice a year injections for cats.

Flea infestations can occur in any home. If your pet friend is

scratching and itching, it could be fleas. Consult your veterinarian. The fix is not nearly as complicated as it used to be.

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## Alternative Minimum Tax and the Middle Class

by Jamie Landry

The Alternative Minimum Tax (AMT) was enacted in 1969 to keep high-income taxpayers from avoiding taxes through various exclusions, deductions, and credits. The AMT was specifically targeted at 155 people making over \$200,000 during this time. However, due to inflation and negligible adjustments to AMT thresholds over thirty years, it has reached the middle-class, affecting 3.1 million people in 2004.

So, who, exactly, will be affected in 2006? To determine a taxpayer's taxable income for AMT purposes (called the AMTI), the individual must add any disallowed deductions, exemptions, or credits back to his or her regular taxable income. If the taxpayer has none of the disallowed items, called 'preference' items or 'adjustments', he or she is not subject to the alternative minimum tax.

Which deductions, exemptions, and credits are added back to regular taxable income to determine the AMTI? The list of 'adjustments' and 'preferences' under the AMT system is long. AMT preference items are permanent differences in the two tax systems and will be greater under the AMT system. A preference item is added, in part or in its entirety, to regular taxable income to determine the new taxable income (AMTI). Examples of AMT preference items are the personal dependent exemption, miscellaneous itemized deductions, and property taxes. Alternatively, AMT adjustments occur when income or expenses are treated differently under the AMT system. For example, depreciation is calculated using MACRS under the regular system and ADS (Alternative Depreciation System) under AMT.

How is the AMT determined? The AMT can be burdensome to calculate. Much like the standard deduction in the regular tax system, an 'AMT exemption' is given (\$42,500 for single taxpayers and \$62,550 for married filing jointly in 2006). To further complicate

matters, each dollar of AMTI over \$150,000 for married filing jointly (\$112,500 for single taxpayers) reduces the AMT exemption by 25 cents. For example, Joe and Betty, filing jointly, have an AMTI of \$190,000. Therefore, their AMT exemption will be reduced by 25% of \$40,000 (\$190,000 - \$150,000) or \$10,000 to \$52,550.

After reducing the AMTI by the exemption, it is taxed at a rate of 26%. The rate increases to 28% when the taxpayer's AMT exemption is reduced to zero (AMTI of \$250,200 for married filing jointly). After calculating the AMT, the taxpayer must pay the greater of the resulting AMT or regular tax liability. Joe and Betty, for example, have an AMT of 26% of \$137,450 (\$190,000 - \$52,550) or \$35,737. They must pay the larger of \$35,737 or their regular tax liability. Tax planning, however, will minimize the AMT liability to the taxpayer. Contact your tax professional to find out how.

Source: Harris, Phillip. 2006. *National Income Tax Workbook: 2006*. College Station: Texas Extension Education Foundation Inc, 441-443.

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