

Phosphate expected to stabilize

Remember a couple years ago when pricing for phosphates such as Sodium Tripolyphosphate (STPP) and Phosphoric Acid were "through the roof"? We saw sharp increases in powdered detergents and acid cleaners because demand for phosphates were high (especially in agriculture) but supply was low. What is interesting about this market disruption is that the supply of phosphorus really wasn't the issue...it was the supply of sulfur. Why sulfur, you ask? Well, sulfur is used to make sulfuric acid; which, in turn, is used to dissolve phosphate rock ore so phosphorus can be extracted. We were fortunate enough to find good suppliers for STPP; but, our laboratory went to work to develop a "synthetic" phosphoric acid. This helped us maintain supply and keep costs low.

This year, agriculture demand for phosphate is expected to be high once again. Fortunately, the Ma'aden Company of Saudi Arabia has built a new phosphate mine and fertilizer plant (which will produce both sulfuric and phosphoric acid). Fourth quarter prices for Phosphoric Acid have already increased over 3rd quarter pricing; but, this is due to higher energy costs and lower U.S. dollar values.

Analysis: Phosphates will be stable this year. There should not be any significant price increases on detergent powders or acid cleaners this year due to phosphate increases.

Tax changes for 2011?

We all struggle daily with managing our time. Whether it's family, customers, keeping up with government regulations, or keeping on top of tax changes, it can be overwhelming. To help you with this battle, we are passing along information from our accountant at McCullough and Associates (www.mcculloughandassociatescpa.com) regarding new tax changes for 2011.

Unless Congress approves an extension before the end of the year, the Economic Growth and Tax Relief Reconciliation Act of 2001 and the Jobs and Growth Tax Relief Reconciliation Act of 2003 will expire on January 1, 2011. While not comprehensive, the following gives a glimpse of what to expect.

Personal income tax rates will increase

The lowest bracket will go up from 10% to combine with the 15% bracket

- The current 25% bracket will rise to 28%
- The 28% bracket will be 31%
- The 33% bracket will jump to 35%
- The highest bracket, currently 35%, will go up to 39.6%

Capital gains tax on investments will increase

- Long term capital gains tax will jump from 15% to 20% for the top rate
- The 0% rate for those in the lowest tax brackets will be increased to 10%
- The tax on dividends will climb significantly from 15% to 39.6% in 2011
- These rates are both set to increase again in 2013 by another 3.8% for some taxpayers

Loss of tax breaks for families, marriage

- The child tax credit will be reduced from \$1,000 to \$500
- The standard deduction will be set at the same level for couples as it is for individuals
- The "Marriage Penalty" will return for some taxpayers. The "Marriage Penalty" refers to higher taxes required from some married couples, generally where spouses are making approximately the same taxable income, filing jointly, than they would have to pay if they were two single individuals.

The "Death Tax" will return

- The estate tax, commonly referred to as "Death Tax", in 2010 is set at 0%
- Beginning January 1, 2011 the rate will jump to 55% on estates of one million dollars or more

Business tax changes

(May indirectly affect prices of products and services for individuals)

- Reduction of the total amount of the section 179 deduction, which allows small businesses to deduct equipment purchases in the current year rather than depreciating it over its useful life, from \$250,000 to \$25,000
- Larger business can currently expense half of the equipment they purchase in the current year.
- This will also disappear in January 2011 and they will be required to depreciate all equipment over its useful life.

Once again it is reasonable to think that the additional tax burden will be passed through to individual taxpayers through higher prices on goods and services.

Renegade would like to give our sincere thanks to McCullough and Associates for allowing us to pass this information along to our friends.