

Mistakes Give Us Opportunity to Build Customers' Loyalty



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Inside this issue:

Mistakes Gives Us Opportunity to Build Customers' Loyalty	1
Health Reimbursement Arrangement (HRA)	1
IRS Cuts Mileage-Deduction Rate to 44.5 Cents Beginning January 1, 2006	3
Individual Retirement Account, IRA for 2005	3

Customer Complains

It was at a hotel check out counter on October 16, 2005.

One of middle-age ladies was complaining about a few things to the front manager, The front manager offered her "Free Movies" as an apology. She accepted the offer hesitantly, but I could see from her face that she was not happy.

I chased her in the lobby and caught her at the end of the lobby. "Excuse me. I am the hotel's representative. Don't you mind telling me your uncomfortable experiences at this hotel? I just want to learn from you." I saw a big smile on her face. Her complaints were as follows:

1. At room 202, toilet was not working well. Thought she reported that to the front desk,

the hotel did not fix it for more than one day during her several days of stay.

2. She could not sleep last night because of the midnight live music at a banquet room underneath.

Promise

I promised her that the hotel will write a letter to her on how we would solve the problems. She said, "Thank you very much for asking me" with a big smile.

Solutions

I talked to the hotel general manager and a chief engineer to fix the toilet. The hotel replaced the old toilet at the end of October. Banquet Department changed the music time policy to end the music 30 minutes earlier at 11:30 pm.



Confirmation

I stayed at Room 202 on October 29th to make sure the toilet works well and music stops at 11:30.

Apology

On November 15th, I wrote an apology letter to her which describes how we had fixed the problems and how I had confirmed the result of the solutions. I wrote to her that the hotel appreciates very much on her complaints because she gave us the opportunity to learn and improve our services.

"Apology" needs "action". Only "quick action" shows "true apology". Giving free movies or bottle of wine does not show apology at all.



Health Reimbursement Arrangement (HRA)

Many small employers take insurance premium and medical expense reimbursement deductions

without the knowledge that a formal Plan Document and Description are required by the Inter-

nal Revenue Code. Many CPAs, bookkeepers, and accountants are unaware of this requirement. HRA



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- Assisting real estate developers
- Hotel management
- Incorporation of Business in Nevada State

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is self-insured medical expense reimbursement plan, and the nondiscrimination rules apply to the HRA, which means for those companies who have HRA plan, the companies have to apply this benefit plan to every employee, not only some employees.

The penalty for non-compliance may include disallowance of all deductions, payment of all delinquent taxes plus interest and penalties.

What is a Health Reimbursement Arrangement (HRA)?

A health reimbursement arrangement (HRA) is employer-establish benefit plan and funded solely by an employer, which means employees do not need to pay anything. Employees are reimbursed tax free for qualified medical expenses, such as co-pays, vision care, prescriptions, long-term care, medical insurance, and most dental expenses.

HRA can combine with other health plan. For example, you can combine your HRA with a higher-deductible health insurance plan. The employer can benefit from reduced insurance premium costs.

What is the requirement for Health Reimbursement

Arrangement (HRA)?

The non-discrimination rules under §105(h) apply to the HRA, which means a company has to apply HRA plan to all participants not only to highly-compensated employees.



What are the benefits of an HRA?

- Contributions made by your employer can be excluded from your gross income
- Reimbursements may be tax free if you pay qualified medical expenses
- Any unused amounts in the HRA can be carried forward to the next year

FSA, HSA, or HRA?

Why employers choose HRA plan?

Flexible Spending Account (FSA) is a "use-it-or-lose-it" plan. This means that amounts in the account at the ending of the plan year cannot be carried over to the next year. Your employer is not permitted to refund any part of the balance to you.

Health Savings Account (HSA) is a plan that employee and/or employer can contribute to an HSA account. Any un-

used balance in HSA can be carried over to the next year. However, HSA plan has many restrictions.

Health Reimbursement Account (HRA) offers the employer much more design flexibility. There are no rules about minimum and maximum deductible amounts; there are no comparability rules where the employer must give every employee the same amount of money; and the employer can fully control over the funds.

Example for HRA Plan

Example: ABC Company used to have non-deductible health insurance plan, and this company paid a lot for the insurance cost. This year, this company changed their health insurance plan to have high-deductible health insurance plan, and they paid much less insurance cost than last year. In order to attract employees, they also have HRA plan this year. The plan reimburses each employee qualified medical expense up to \$1,500. John, an employee of ABC Company, paid \$1,500 for his wife's surgery



(Continued on page 3)

in 2005. He was reimbursed \$1,500 tax free. In 2005 ABC Company contributed \$20,000 to

the plan. Let's say, if the total reimbursements made to the employees were \$15,000. At the

end of 2005, the plan still has \$5,000 remained. This \$5,000 amount will be carried over to 2006.



IRS Cuts Mileage-Deduction Rate to 44.5 Cents Beginning January 1, 2006

The price of gasoline has fallen in recent weeks, and as a result, the Internal Revenue Service has cut the standard mileage rates that workers can deduct for business use of motor vehicles in year 2006. Beginning Jan 1, 2006, the rate will fall to 44.5 cents per mile, down

from 48.5 cents. That is four cents lower than a four-month rate that the tax agency set in September. The IRS also said that miles driven for medical or moving purposes could be deducted at 18 cents each next year. That is four cents lower now but three cents

higher than the first eight months of 2005. The rate related to charitable services, which is set by Congress, remains at 14 cents a mile. For Katrina-related charitable work, the deduction rate is 32 cents a mile and the reimbursement rate is 44.5 cents.



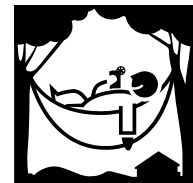
Individual Retirement Account, IRA for 2005

Traditional IRA: A traditional IRA allows you to invest on a tax-deferred basis. You may be able to deduct part or even all of your contribu-

tion from your income taxes, depending on your income. Qualified taxpayer can make deductible individ-

ual retirement account. The following chart shows the regular contribution limits for traditional IRA and Roth IRA.

Filing Status	Standard Limit Youngr than Age 50	Catch-up Contribution Age 50 or Over	Contribution Limit Age 50 or Over
Single	\$4,000	\$500	\$4,500
Married	\$8,000	\$1,000	\$9,000



Traditional IRA Deductibility Ranges are as follows:

Filing Status	Active Participation	Full Deduction	Partial Deduction	No Deduction
Single	Active	\$50,000 or less	\$50,001 - \$59,999	\$60,000 or more
Married, Joint	Active	\$70,000 or less	\$70,001 - \$79,999	\$80,000 or more
Married, Joint	Not active but spouse is active	\$150,000 or less	\$150,001 - \$159,999	\$160,000 or more
*Married, Separate	Active	N/A	\$0 - \$9,999	\$10,000 or more

*A Married, Separate Filer who lived apart from his/her spouse the entire year can use the AGI limit for a Single Filer to determine his/her deduction amount.

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(Continued from page 3)

Roth IRA

A Roth IRA is primarily an individual savings plan. Contributions can be made up to a specified limit on a non-deductible basis. The investment earnings grow tax free, and withdrawals are not taxed either (earning depending on your age and how long you have held the account)



The Advantages of a Roth IRA as follows:

- Contributions can be made after age 70 ½
- Eligible individuals may contribute up to a specified limit annually
- Contribution eligibility is not restricted by active participation in an employer's
- Withdrawals upon disability, for first time home buying or after age 59 ½ are tax-free provided 5 years wait has occurred.



Early withdrawal (before age 59 ½) - higher education

IRA Type	10% Penalty	Income Tax Due
Tax-deductible IRA	No	Yes
Roth-less or more than five years old	No	On earning, not original contributions

Early withdrawal (before age 59 ½) - first time home purchase; - Death or disability

IRA Type	10% Penalty	Income Tax Due
Tax-deductible IRA	No	Yes
Roth-less than five years old	No	On earning, not original contribution
Roth-more than five years old	No	No

Timing

The deadline for contribution is April 15. If April 15 falls on a weekend or holiday, the deadline is the first weekday after April 15 that is not a holiday.

The deadline to make 2005 contributions is April 17, 2006.

Everyone should take advantage of the IRA if he or she meets the requirements. With the compound interest and tax deduction, it will be a huge benefit for one's future retirement.

