

Sapurstein & Associates, PC

TAX INFORMATION NEWSLETTER



HAPPY HOLIDAYS!

2008 Tax Organizers

Electronic Emails will be sent out to all of our clients to verify your email address. If your email has changed, please call the office and let us know. Your 2008 tax organizer will be sent via email this year. The file will be protected with a password and the password will be sent to you in a separate email.

Tax Deadlines in 2009

March 15, 2009:
Corporation Taxes
Home Owner Association Taxes
April 15, 2009:
Individual Taxes
Partnership Taxes
Not-for-Profit Taxes
Trust Taxes
May 15, 2009:
Personal Property Taxes
August 15, 2009
Not-for-Profit Tax Extension
September 15, 2009:
Corporation Tax Extension
Home Owner Association Tax Extension
Partnership & Trust Extension
October 15, 2008:
Individual Tax Extension

MISCELLANEOUS TAX DEDUCTIONS

Charitable Donations

Individuals who donate to charities or certain other organizations for philanthropic purposes may be eligible for an income tax benefit in the form of a deduction for charitable contributions. The deduction can be used to offset a taxpayer's salary or other income. The amount deductible in any taxable year depends on the value and type of the property contributed the form of the gift, and the nature of the donee organization. The treatment of charitable contributions by corporations is controlled partly by the rules applicable to individual donors and partly by provisions applying only to corporate donors. While charitable gifts are rarely, if ever, made solely for tax purposes, contributions by individuals and corporations may be timed and structured to take advantage of the tax savings opportunities offered by the deduction.

Non-itemizers' real estate tax deduction

The standard deduction will increase in 2008 only for homeowners. The deduction is the lesser of the real estate property taxes paid or \$1,000 for married couples, \$500 for single taxpayers. This effectively makes the standard deduction \$11,900 for married filers and \$5,950 for single filers who own homes.

Energy

If you're thinking of buying a hybrid to lower your bills at the pump. Some makes no longer qualify for the credit because the hybrid credit law requires the break to be phased out after a manufacturer has sold 60,000 hybrids. Credits will dry up for Hondas after this year. Originally, buyers of Civic hybrids got a \$2,100 credit and Accord buyers got \$1,300. That was cut in half for buyers in the first six months of 2008 and will decline to just 25% in the last six months of the year. There's still no reduction in the credit for hybrids by Chevy, Mazda, Mercury, Nissan, Ford and Saturn. Credits for Toyota and Lexus models dried up after September 30, 2007. Also keep in mind that the hybrid credit doesn't offset any minimum tax liability.

IRS Closing Loophole for Deducting S Losses Using Open Account Debt

In 2005, the Tax Court allowed an S firm shareholder with no basis left in his firm to borrow money from a bank and lend the funds to his firm. That gave him basis to deduct the losses but reduced the basis of the debt. To avoid owing income tax when the advance was repaid, the owner lent the firm more money that he borrowed from the bank the next year. Thus, he was able to keep deducting the firm's losses while deferring income from the repaid loans indefinitely. Now, for advances made after Oct. 19, 2008, this break is limited to loans of \$25,000 or less per shareholder.

Qualified Pension Plan Contribution Limits Increase for 2009

Plan	2008	2009
401(k)	\$15,500	\$16,500
401(k) new "catch-up" substitute limit	\$20,500	\$22,000
403(b)(annuity)	\$15,500	\$16,500
403(b) new "catch-up" substitute limit	\$20,500	\$22,000
403(b) old "catch-up" substitute limit	\$23,500	\$25,000
408(k)(SEP)	\$15,500	\$16,500
408(k)(SEP) new "catch-up" substitute limit	\$20,500	\$22,000
408(p)(SIMPLE)	\$10,500	\$11,500
408(p) new "catch-up" substitute limit	\$13,000	\$14,000
457	\$15,500	\$16,500
457 new "catch-up" substitute limit	\$20,500	\$22,000
457 old "catch-up" substitute limit	\$31,000	\$33,000
501(c)	\$15,500	\$16,500