

Todd Tax Service

TAX YEAR
2008

It's that time of year again! I hope that you have had a happy, healthy and prosperous year.

Enclosed is your 2008 Tax Information Questionnaire. You will likely just need to mail in your documents, however, you will need to meet with me if any of the following apply to you:

- You bought or sold real estate (including your personal residence)
- Started a new business or began working as an Independent Contractor in addition to or instead of an employee
- Got married or divorced
- Commenced leasing out any part of your home or other property
- Are in a Registered Domestic Partnership or Married (CA tax laws have changed)
- Any additional complex tax situation not listed above.

*Please wait to mail in your package until you have ALL of the needed information and tax reporting documents (1099's etc). All materials must be received by April 7th in order to have a return filed for the April 15 deadline. I will gladly file an Extension for you and prepare the returns as soon as possible. I am available year round for your tax needs.

Also enclosed is a form to fill out if you need to provide a 1099 form to an individual/business .

If you have any questions please do not hesitate to ask. As always, I am happy to meet with you regarding any questions or tax needs that you may have.

I truly appreciate you allowing me to assist you with your tax needs and look forward to working with you this year.

Best Wishes for 2009!

Amy Todd

U P D A T E S

Capital Gains/Dividend Tax Rate

Capital Gains and Dividend Tax Reduction
In 2008 the long term capital gains rate, as well as tax rate on dividends, for individuals/couples who are in the 10%-15% tax bracket falls from 5% to 0% through 2010. The 15% maximum tax rate applies to those in tax brackets over 15%.

IRA Contribution Limits

The 2008 maximum contribution to a Traditional or Roth IRA's is \$5000.00 (an additional \$1000.00 may be contributed if you are 50 yrs of age or older).

CA Domestic Partner and Same-sex Married Couple Taxation

CA Registered Domestic Partners and Same-Sex Married couples must file joint income tax returns with the CA FTB but file individual returns with the IRS. (see back)

Tax-free Transportation Benefits

Beginning in 2008, employees are not taxed on up to \$220 a month of employer-paid parking. The cap on tax-free transit passes their employers can give increases to \$115 a month. Both benefits were increased by \$5 for 2008.

Employers may also provide up to \$20/month in fringe benefits to employees who bike to work. Check with your employer to see if these benefits are available to you.

Housing Act - Homebuyer Credit

First time homebuyers who buy/bought a primary residence between April 9, 2008 and June 20, 2009 are eligible for a credit up to 10% of the home's price. The credit is phased out for people with income over \$75,000 (single) and \$150,000 (married). However, in an odd twist, this credit must be paid back over the course of 15 years.

referral discount

To show my appreciation, I offer a \$25 discount to clients for referrals. Just have them give me your name. If your taxes have already been prepared I will send you a check!

bookkeeping

I now offer bookkeeping services to individuals and small businesses. If you are interested in this service please call or email to inquire.

1099 Preparation

If you own a business, are an independent contractor, or own rental property, and in the operation of such you paid someone \$600 or more during 2008 the law requires that you provide them with a 1099 form by January 31, 2009. Contact me for details & to prepare forms.

Important Dates

january	april	other dates
<p>15 Final 2008 Estimated Tax Payment due</p> <p>31 Deadline for issuing 1099 Forms</p>	<p>15 Income Tax Return filing deadline</p> <p>Deadline for Extensions of Time to File and any payment due</p>	<p><u>2009 Estimated Tax Payments</u> Q-1: April 15 Q-2: June 15 Q-3: September 15 Q-4: January 15, 2010</p>

Standard Mileage Rate Increase

Due to gas price increases, the IRS raised the standard mileage rates for miles driven between July 1 and December 31. Business miles increased from 50.5¢ a mile to 58.5¢ a mile. The rate for moving or medical mileage increased to 19¢ a mile. Charitable mileage remains the same at 14¢ a mile.

Energy Saving Improvement Credit

The credit for energy saving improvements to your home has been limited to solar power and solar water heaters. The credit will be expanded again in 2009 to cover insulation, new windows and doors, energy saving water heaters, furnaces, and air conditioners.

"Kiddie Tax" Broadened

The "kiddie tax" has broadened to include students aged 19 to 23 whose earned income is less than half of their support. The tax is implemented when a child's income exceeds \$1800. The amount over \$1800 is taxed at the parent's rate.

Bonus Depreciation

As an incentive to business owners to invest in equipment for their business (vehicles, furnishings, and other equipment, the IRS allows for a 50% first year bonus depreciation for items put into service during 2008. This will have a big impact on the depreciation of vehicles purchased in 2008.

+Please note: The information contained in this newsletter does not contain all information regarding the referenced tax laws. For more information on a particular topic please contact me or find additional details on the IRS and CA FTB websites.

CA Registered Domestic Partners Required to File as Married beginning in 2007

California Registered Domestic Partners Required to File as Married for 2007 SB 1827 was signed into law on September 29, 2006, requiring registered domestic partners to file California tax returns jointly or separately, using the same standards applicable under federal law to married couples. These new filing requirements apply to taxable years beginning on or after January 1, 2007. Under current state and federal law, registered domestic partners use the single, or head of household filing status. The new law has no impact on the federal law. While this is a big step forward in California (the second state to enact the law-Massachusetts was the first) the situation currently is somewhat complicated as the Federal Government will not recognize the married status return, so Registered Domestic Partners will be required to file as single on their Federal Returns.

You may want to update your CA state withholding so that you do not have excess income withheld. Those that file estimated taxes will also be affected.

If this law applies to you we need to meet to review these changes and to make sure that your tax planning meets the needs of this new filing requirement.



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