



On The Inside

Volume 1, Issue 6

August 13, 2009

Last-Chance Opportunity: 22 Tax Breaks That Expire in 2009

By: Terry Myers and Dee DeScherer for Intuit ©

Nothing Lasts Forever

And the Internal Revenue Code is filled with examples.

Increasingly, for budgetary and other reasons, Congress is enacting tax provisions on a temporary basis. Sometimes these provisions are extended again and again (e.g., the "above-the-line" deduction for higher education expenses) and may eventually become a permanent part of the Code (e.g., work opportunity tax credit). Other times, the provisions are merely one-shot deals (e.g., recovery rebate credit) or are extended periodically, but eventually die (e.g., Archer medical savings accounts).

In any case, with all of these comings and goings, it's difficult for tax professionals-- much less their clients--to keep track of precisely how long a given tax break is scheduled to last. Below you will find a quick rundown of provisions that are due to expire in 2009.

Twenty-Two Last-Chance Opportunities for Tax Savings

- 1. Income.** Up to \$2,400 of unemployment compensation benefits are excluded from gross income by the recipient. However, the exclusion is not available for benefits received in tax years beginning after 2009 [IRC Sec. 85(c)].
- 2. Personal deductions.** Clients can claim a deduction (whether they itemize or claim the standard deduction) for sales or excises taxes paid on the purchase of a new vehicle. The deduction (phased out at higher income levels) does not apply to purchases after December 31, 2009 [IRC Sec. 164(b)(6)(G)].
- 3. Personal deductions.** Clients who claim the standard deduction can take an additional deduction for state and local property taxes, up to a maximum of \$500 (\$1,000 for joint return filers). The deduction is not available for tax years beginning after 2009 [IRC Sec. 63(c)(7)].
- 4. Personal deductions.** A client can elect to take an itemized deduction for state and local general sales taxes instead of an itemized deduction for state and local income taxes, but the election is available only for tax years beginning before Jan. 1, 2010 [IRC Sec. 164(b)(5)(l)].

Continued on page 2...

Happy Birthday! August

Peter Anderson	Aug 01	Susan Schaeffer	Aug 15
Cathryn Smith	Aug 02	Daniel Mazzola	Aug 15
Trenna Grabowski	Aug 04	Floyd Moeller	Aug 16
Richard Crow	Aug 05	Martin Roth	Aug 16
Michael Brewer	Aug 06	Jude Nzeako	Aug 16
Rupert Agius-Pease	Aug 09	Jigisha Shah	Aug 17
Holly Carlin	Aug 10	Nathalie Birotte	Aug 19
Paul Daigle	Aug 10	John Buchheim	Aug 20
Mohammad Ismail	Aug 12	Paul Cullen	Aug 22
John Caldwell	Aug 12	David Glenwinkel	Aug 24
Sylvia Fong	Aug 14	Keven Schnell	Aug 24
Lorna Walker-Fleeks	Aug 14	John Vellutato	Aug 29
Aaron Perkins	Aug 14	Georgia Mitchell	Aug 29

Feedback

Washington Institute for Graduate Studies is dedicated to creating and constantly improving the educational experience of busy tax professionals

We welcome your suggestions!

As Washington Institute continues working hard to exceed the expectations of our students, we value your constructive feedback, and suggestions for expansion and we appreciate it when students share their experiences.

Please feel free to contact the school any time with suggestions for improvement, ideas for new courses to pursue, and anything that is of interest and importance to you.

Let us raise a standard to which the wise and honest can repair.

— George Washington

Forward your thoughts to: info@wsltax.org or call 858-546-2838

Or log on to our website: www.wsltax.org

Tax News Headlines

Latest News – To Read Articles, please visit

www.irs.gov/newsroom/index.html

For Many Small Businesses, Fall Filing Deadline Looms for Special Refund Claims

IRS Alerts Public to New Identity Theft Scams

IRS Seeks New Issues for the Industry Issue Resolution Program

IRS Warns Taxpayers to Beware of First-Time Homebuyer Credit Fraud

IRS Seeks Public Comment for Proposals to Boost Tax Preparer Performance Standards

Recovery Rebate Credit Information Center

Tax Relief in Disaster Situations

Global News - For more information and to read full articles visit

www.tax-news.com

CRA Warns Canadian eBay Sellers To Declare

by Mike Godfrey, for Tax-News.com, Washington

Wednesday, August 05, 2009

Jean Pierre Blackburn, Canada's Minister of National Revenue, has advised Canadians that the income they earn online is taxable. He emphasized that the rules that apply to traditional commerce apply in the same way to electronic commerce, such as the use of eBay.

HMRC Denies UK Tax Return Outsourcing Claims

by Jason Gorringer, Tax-News.com, London

Friday, August 07, 2009

HM Revenue and Customs, the UK tax authority, is said to be considering the option of outsourcing the processing of tax returns to foreign companies as part of efforts to cut costs, raising concerns over the privacy of sensitive taxpayer data.

Details Of Italian Lending Moratorium Emerge

by Ulrika Lomas, Tax-News.com, Brussels

Thursday, August 06, 2009

Italy's Ministry of the Economy, the Association of Italian Banks and other interested industrial and commercial bodies have come together to arrange a moratorium on repayments of bank loans by small and medium-sized Italian companies.

China Axes Tax Breaks For Tobacco Advertising

by Mary Swire, Tax-News.com, Hong Kong

Thursday, August 13, 2009

Tobacco firms in China will no longer be able to deduct costs associated with advertising as a result of a recent edict issued in Beijing.

...continued from page 1

5. Personal deductions. A client may claim an above-the-line deduction for "qualified tuition and related expenses" paid for the enrollment or attendance of the client, the client's spouse, or a dependent at an eligible institution of higher education. The deduction cannot exceed \$4,000 (phased out at higher income levels) and applies only to tax years beginning before January 1, 2010 [IRC Sec. 222(e)].

6. Personal deductions. The maximum deduction allowed annually for charitable donations is increased in the case of "qualified conservation contributions." The increased deduction is not available for donations after December 31, 2009 [IRC Sec. 170(b)(1)(E)].

7. Business deductions. For tax years beginning before 2010, teachers in grades K-12 and other eligible educators can claim an above-the-line deduction for up to \$250 of their out-of-pocket expenses for books and supplies used in the classroom [IRC Sec. 62(d)(1)].

8. Business deductions. A client can claim an additional 50% depreciation allowance for qualifying business machinery and equipment placed in service before January 1, 2010 [IRC Sec. 168(k)(2)(A)].

9. Business deductions. A client can claim a Section 179 expensing deduction for the first \$250,000 of qualifying equipment and machinery placed in service during the year, subject to a phase out if more than \$800,000 of eligible property is placed in service during the year. For tax years beginning after December 31, 2009, the maximum Section 179 deduction drops to \$125,000 (adjusted for inflation) with the phase-out starting at the \$500,000 level [IRC Sec. 179(b)(7)].

10. Business deductions. The cost of qualified leasehold improvement property, restaurant property, and retail space improvement property can be written off over 15 years. The 15-year write-off period is not available for property placed in service after December 31, 2009 [IRC Sec. 168(e)(3)(E)].

11. Business deductions. Business clients may claim enhanced deductions for donations of food inventory to a charitable organization if the organization uses the property solely for the care of the ill, the needy, or infants. The enhanced deduction does not apply to donations after December 31, 2009 [IRC Sec. 170(e)(3)(C)].

12. Business deductions. The maximum first-year depreciation deduction for passenger automobiles used for business purposes is increased by \$8,000 for automobiles placed in service before 2010 [IRC Sec. 68(e)(3)(B)].

13. Business deductions. Certain qualifying machinery and equipment used in a farming business may be written off over a five-year cost recovery period. The original use of the property must begin with the taxpayer and the property must be placed in service before January 1, 2010 [IRC Sec. 168(e)(3)(B)].

14. Personal tax credits. A client who hasn't owned a home during the previous three years can claim a first-time homebuyer credit of up to \$8,000 (phased out at higher income levels) for the purchase of a principal residence. The credit can be claimed only for homes purchased before December 1, 2009 [IRC Sec. 36].

Continued on page 3...

...continued from page 2

15. Business credits. Employers may claim a 20% income tax credit for qualifying differential pay paid to employees on active military duty. The credit expires for payments made after December 31, 2009 [IRC Sec. 45P].

16. Business credits. An eligible contractor may claim a credit of up to \$2,000 for each qualified new energy efficient home that the contractor constructs and that is acquired from the contractor for use as a residence. The credit does not apply to homes acquired after December 31, 2009 [IRC Sec. 45L].

17. Alternative minimum tax. Clients can offset nonrefundable personal tax credits, such as the child and dependent care credit and the Lifetime Learning credit, against their alternative minimum liability. The offset will not be available for tax years beginning after 2009 [IRC Sec. 26(a)(2)].

18. Alternative minimum tax. For tax years beginning in 2009, the exemption amounts used in calculating a client's alternative minimum taxable income of \$70,950 for married couples filing a joint return and \$46,700 for singles and heads of households. For tax years beginning after 2009, these amounts are scheduled to drop to \$45,000 and \$33,750, respectively [IRC Sec. 55(d)(1)].

19. Estimated taxes. For small business owners with adjusted gross income of \$500,000 or less, the "required annual payment" of 2009 estimated taxes is the lesser of (1) 90% of the current year's tax or (2) 90% of the prior year's tax. For 2010, the prior-year's-tax threshold rises to 100% (or 110% for clients with adjusted gross income of \$150,000 or more) [IRC Sec. 6654(d)(1)].

20. Retirement plans. The requirement that an IRA owner age 70 ½ or over must receive a minimum distribution annually is suspended for 2009, but is reinstated in 2010 [IRC Sec. 401(a)(9)(H)].

21. Retirement plans. An IRA may exclude from income distributions of up to \$100,000 annually if paid directly by the IRA trustee to charitable organization. The exclusion expires in tax years beginning after 2009 [IRC Sec. 408(d)(8)].

22. Employee benefits. Clients who are covered by employer-sponsored health plans and are laid off before January 1, 2010 can qualify for subsidized plan continuation (COBRA) coverage for up to nine months. Employers can claim a credit against employment taxes for the subsidies provided to employees [IRC Sec. 6432].

Spotlight...

Washington Institute for Graduate Studies' spotlights some of our amazing students, staff members or faculty. It's a great way to get to know the people who make this institution the success that it is



Lori Anderson

Director of Graduate Programs

From assisting a student with the daunting challenge of passing the qualifying exam for the PhD program, to mentoring a staff member, to communicating with the many instructors and support staff

involved with the school, and countless other tasks, Lori Anderson is a dedicated and knowledgeable asset to Washington Institute for Graduate Studies. She approaches every task with devoted commitment; to the school, to the students, and to her coworkers. This special talent she manifested itself early. "I love working with people and teaching and helping them. This passion... lead me to a degree in Business Management and several management and supervisory positions throughout my life."

Lori attended Brigham Young University, in Provo, Utah and Utah Valley University in Orem, Utah, earning her Associates degree from Utah Valley University.

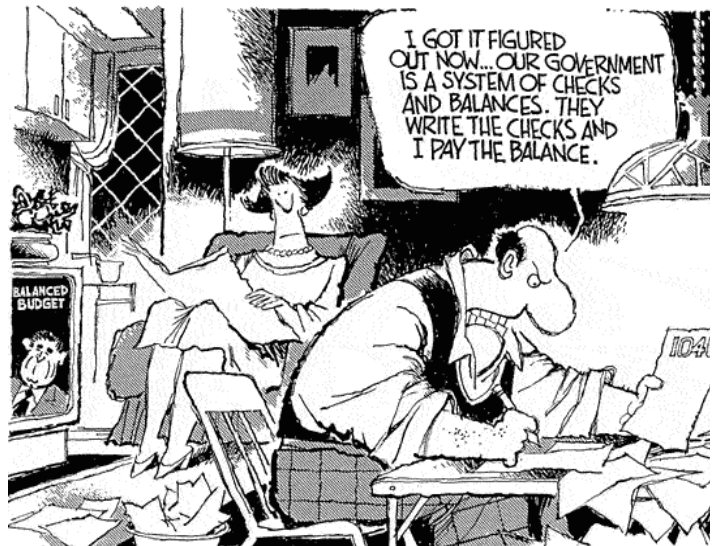
When pressed for more personal information, Lori says, "I was born and raised in Utah... I'm married and have three children who keep me pretty busy, and poor!" She mentions as an afterthought. "My favorite food is the Café Rio chicken salad." Then excitedly adds, "If you haven't eaten at a Café Rio (a Utah Mexican food chain), it would be worth your trip to Utah just to eat there! And you could also come and visit us!" Lori loves to talk with our students whether it's through an e-mail, on the phone or in person.

Some of Lori's other loves? "In my spare time I enjoy working out, playing tennis, playing my guitar, eating out, and hanging out with my friends and family, [and] I am very involved with the LDS church. The most important things to me are my religion, my family, good healthy, and a good sense of humor."

Lori sums up her feelings, "I have been with Washington Institute for [over] four years and have enjoyed every minute of it. The President, staff, and students are great people to spend my work day with!"

Over Taxed...

When the Only Thing Left to do is Laugh



A fool and his money are soon parted. It takes creative tax laws for the rest.

- C Bob Thaves