

BITS & PIECES OF TAX NEWS

AND OTHER ITEMS OF INTEREST

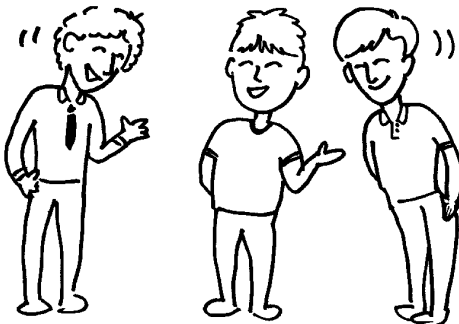
ADA TAX PROFESSIONALS 9140 Ustick Road Boise ID 83704 377-4303

Changes.....Changes.....Everywhere.....and yet.....

Excitement has filled our office, or shall I say our "new" office. We just completed the remodeling on December 31st and moved back from our temporary location. All these changes have us reenergized! We have added on, updated the reception area and offices in the existing building and changed the entire entrance. In fact, you will see some new faces in our office too. Robin Gervais has joined our staff year-round. Joe Welker and Elmira Feather will be here during the tax season. They are excited to meet you, answer any questions you may have and prepare your tax returns. They bring experience and freshness to our office. You can view their profiles on our website. We can't wait for you to meet them!

To quote Irene Peter, "Just because everything is different doesn't mean anything has changed." Yvonne, our customer advocate, anxiously waits to hear from you. Miri, our supervisor, keeps the office running proficiently. And Elke, our visionary owner and leader, continues to be the backbone of Ada Tax Professionals. Last but not least, our company values have not changed. We continue to provide you with a well-educated, friendly staff that provides tax preparation and bookkeeping services at reasonable prices.

**Know someone who needs
our expert services?**



We are taking on **new clients** for the 2008 tax season. Recommend a friend and receive a \$20 credit for any service Ada Tax Professionals offers.

Speaking of Changes...

There is a lot going on in the tax world

Keep reading for how these changes may affect **you!**

First-time Homebuyer's Credit




To qualify:

- You must purchase your principle residence on or after August 9, 2008 and before July 1, 2009.
- You or your spouse cannot have owned a home within the last 3 years.
- Your adjusted gross income is must be less than \$150,000 (married); \$75,000 (single & HOH) for full tax credit.

Tax Benefit:

The credit is 10% of the purchase price up to \$7,500 (single, HOH or married), \$3,750 (married filing separately). This is a dollar for dollar reduction in the amount of tax that you would owe on your tax return; or an increase of your refund.

 Today's Tax Tip

YOU COULD USE THE MONEY FROM THIS CREDIT TOPAY DOWN YOUR MORTGAGE AND HAVE CONSIDERABLE SAVINGS IN INTEREST.

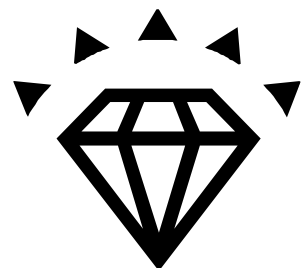
Of course, this money isn't free. This credit works much like an interest free loan. You will be responsible for paying back \$500 of this loan each year on your tax return for the next 15 years, beginning the second year after your purchase. The payback accelerates when you sell the home or

stop using it as your main home. There are other exceptions to this credit. Be sure to ask us for more information.

Standard Deduction Increase for Property Tax

A little jewel that will benefit homeowners who do not itemize. Your standard deduction will be increased by the amount of property tax you paid for the year up to \$1,000 (married); \$500 (single).

Be sure to bring in the total amount that was paid in 2008. Right now this addition to the standard deduction is for 2008 only. We hope they will decide to keep this one for many years to come.



New Mileage Rates for 2008 & 2009

Mileage rate for 2008 taxes have a half year split again.

January 1 st - June 30 th	-	50.5¢ for business/rental 19¢ for medical/moving
July 1st - December 31	-	58.5¢ for business/rental 27¢ for medical/moving
All year	-	14¢ charitable



Please have your mileage totals split when you come in to see us.

2009 Mileage rates -	55 cents for business/rental 24 cents for medical/moving 14 cents for charitable
----------------------	--

Capital Gains Rate

Long term capital gains and qualified dividends will be at a **0%** tax rate for that portion of the income which would fall into the 10% and 15% regular income tax bracket. This is very exciting news! For those of you in the 25% or higher tax brackets, the capital gain rate is still at 15%.

Home Sale Exclusion Restrictions

Homeowner's who sell their main home that they have lived in as their personal residence for two out of the last 5 years, have enjoyed a \$250,000/ \$500,000 exclusion of taxable gain. Many people have taken advantage of this by moving into a rental or second home for 2 years prior to selling it.



Beginning in 2009, periods of "non-qualified" use cannot be excluded from taxation. Now, a portion of the gain is *subject to tax* based on the ratio of qualified and non-qualified use.

If you have plans to sell your rental or second home, now would be a good time to do some tax planning!

Non-Custodial Parents

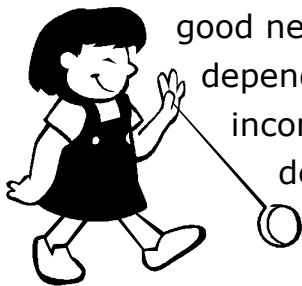
In the past the IRS has allowed a non-custodial parent to claim his or her child as a dependent on their tax return without documentation. Usually the divorce decree states who gets the exemption, or custodial parent has signed Form 8332 Release of Exemption. However, the IRS is now insisting that form 8332 or the divorce decree be attached to your tax return.

The IRS has also updated its rules on who is the custodial parent when it isn't clear as to who had the child more during the year. Please stop by and pick up a form 8332 or download it from the IRS website, and have it signed, before your appointment with us so that we may avoid unnecessary delays with your tax return.



Kiddie Tax extended to age 19 or 24

The "Kiddie Tax" has undergone some changes that may affect you if your children have investment income. This change comes with bad news and good news. The bad news is that it has extended the age of the dependent to below 19 or 24 if a student. The good news is the income limit has increased. In 2008, the first \$900 of a dependent child's investment income is tax-free. The next \$900 is at the child's rate (typically 10%) and any amount of investment income over \$1,800 is taxed at the parents' marginal rate. If the investment income was in capital gains and under the \$1,800 it is possible that there will be no tax liability since the capital gains rates are zero for people in the two lowest tax brackets for the 2008 - 2010



Community Recycling

Boise Valley Habitat for Humanity has a new store in SW Boise called "ReStore". Residential home improvement items are offered at up to 50% retail prices and are available to the general public. All proceeds are used to benefit the Habitat for Humanity homes in our community. The store is located at Five Mile and Overland at 10537 W Overland Rd.

Go to <http://www.hfhboise.org/> for more information.

SPOTLIGHTon Joe

Ada Tax Professionals are pleased to welcome Joe Welker to our staff. He comes to us with a great smile and wonderful people skills. He was born and raised in the small town of Ronan, Montana. Which is located in the Salish and Kootenai Indian reservation. He enlisted in the military after graduating from high school and was stationed in Vicenza, Italy being placed there with permanent duty after his military training. This gave Joe the opportunity to travel throughout most of continental Europe and parts of Africa.



Upon completion of his military service, Joe returned to Montana. There he attended the University of Montana and the Rocky Mountain College. Joe has completed an Associates of Arts in Education, Bachelors of Science in Business Administration and a Masters of Science degree in Accountancy.

After finishing graduate school, he and his wife Kristen moved to Honolulu, Hawaii to "live the dream". The dream lasted one year and they have since been in Boise, Idaho.

If you ask Joe what his interests are he will quickly tell you it is to be a good husband and father. He loves to teach people, be it in Mathematics, Economics, or Taxation. His desire is to make someone else's life easier through education in these areas. He also loves the outdoors especially snowboarding, hiking, biking, hunting, golfing and most importantly steelhead fishing.



Joe and his wife Kristen have been married for four years and have been blessed with a son, Joey Jr., who is 2 years old.

We are looking forward to introducing you to Joe this tax season and you will see for yourselves the many attributes that he will be bringing to Ada Tax Professionals!

Joe's words to live by: "*Learn as if you were going to live forever.
Live as if you were going to die tomorrow.*"

-Mahatma Gandhi



ECONOMIC BLUES (an editorial by Elke)

Lost jobs, lost value in investments, upside down mortgages. The future will not look like the recent past for a long time.

To add insult to injury many of you are liquidating retirement funds to live on, subjecting those amounts to tax and potential penalties. Many mutual funds are reporting taxable capital gains distributions even as the value of the funds are shrinking.

So, how to move forward?

1. Understand you aren't the only one.
2. Reevaluate your plans for the future.
3. Use this opportunity to find a job that suits you better.
4. Use this opportunity to acquire new skills.
5. Simplify your life.
6. Make decisions based on realism and common sense.
7. Plant a vegetable garden.
8. Be thankful for what you do have.

STIMULUS PAYMENT

DID YOU RECEIVE THE FULL STIMULUS PAYMENT?

YOU MAY QUALIFY FOR THE

RECOVERY REBATE CREDIT.

NOT SURE IF YOU RECEIVED

THE FULL CREDIT???

LET'S TALK ABOUT IT

WHEN YOU COME IN TO SEE US



Tax Season Office Hours:

Mon—Thurs 8:30 am—6:30 pm

Friday 8:30 am—6:00 pm

Saturday 10:00 am—2:00 pm

Check out our Website:
www.adataxpros.com

Happy New Year!