

BITS & PIECES OF TAX NEWS

AND OTHER ITEMS OF INTEREST

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This year will be a year to remember. We have enjoyed this tax season. New building, new tax preparers and new clients. Of course, we can't forget our loyal clients who return to us year after year and have helped establish us in the Treasure Valley. We can't wait for next season to begin. But let's not get ahead of ourselves.... We would like to help you make good tax choices while we are still in the 2009 tax year. We have included lots of news just for you.

The American Recovery and Reinvestment Act of 2009

has included a lot of new changes for the 2009 tax year. Let's look at a few...

Making Work Pay Credit

One of the most confusing credits to come out of this is the Making Work Pay Credit. Unlike previous stimulus monies where you received a lump sum; this will be distributed through new withholding tables beginning April 1, 2009. By now, you should have received an extra amount in your paycheck. If you are self-employed, you may reduce your quarterly estimated tax payments to account for this credit. Let's take a look at some specifics:

- A refundable credit up to \$400 (single); \$800 (married)
- Must have earned income to qualify which includes self-employed individuals
- Must have a valid Social Security Number and not be a dependent of another taxpayer
- Credit starts to phase out when adjusted gross income is over \$75,000 (single); \$150,000 (married)
- Available on your 2009 tax return if you did not receive the full credit in the form of reduced withholding.

Now here is the problem!!!! Because it has changed the withholding tables, some of you may not be having enough withheld and may owe when you file your 2009 tax return. This is especially true for retired clients (who have withholding based on the tax tables), dual-income married clients, and clients with two jobs. When you come tour our new office we'd love to give you a **free analysis** of your withholding and estimated taxes. Bring a friend or co-worker too. Please call to schedule a time.

2008 Idaho Property Tax Deduction

Did you know that you may be entitled to more money from the state of Idaho? The Idaho legislature decided in mid-March to accept the addition to the standard deduction for property tax. If you paid property tax, did not itemize and filed before March 20th, 2009 we will need to amend your return to receive this additional deduction. Our charge to amend the state return is \$15.00.

Recycle Corner



Planting a garden this year? Remember to feed the soil. A cheap natural additive is compost. Gather your grass clippings, leaves, kitchen scraps in a bin or a tumbler. Give it water and turn it regularly. Watch it turn into a rich organic matter for the garden. Check out these websites: www.vegweb.com/composting
www.epa.gov/wastes/conserves/rrr/composting

American Recovery and Reinvestment Act of 2009 (cont)



Economic Recovery Payment (for Retirees)

How is this different than the Making Work Pay credit? This credit is a one-time payment of \$250 that is given to each *retiree* by the Social Security Administration, Department of Veteran's Affairs and the Railroad Retirement Board.

- Payments begin in May; however, call your provider if you have not received it by June 4th.
- Each retiree is entitled to only one payment regardless if you receive benefits from multiple sources.
- You may also be entitled to the Making Work Pay Credit if you have earned income from a job, however, the \$250 Economic Recovery Payment will offset or reduce the Making Work Pay credit.
- You may not receive this credit if you owe back child support or back taxes.
- Children who receive Social Security Disability and adults over 18 who receive SSI also qualify for the credit.
- You must have received benefits in the months of November 2008, December 2008 and January 2009 to qualify.
- Good news is, this credit is not included in gross income for SSI purposes.

PLEASE—Read the Making Work Pay Credit, as this may also apply to retirees!

Unemployment Benefits

Did you know that the first \$2,400 of your Unemployment Benefits is not taxable for 2009? This is new under the ARRA. However, don't be caught off guard and have no withholding taken from your benefits. Any amount over and above \$2,400 is taxed as ordinary income....hmmmm sounds like another reason to come in a see us.

First-time Homebuyers Credit 2009

The IRS has changed this REFUNDABLE credit for homes purchased between Jan 1, 2009 and December 1, 2009. How you may ask? Well, let's define a first time homebuyer: If you have not owned a home in the last 3 years, this means you. Next, the credit has been increased to \$8,000. Be sure that you purchase your home before December 1, 2009 to qualify for this credit. The best part is that if you use your home for your principal residence for 3 years, you DON'T have to pay it back. YAHOO! To claim credit



you can amend your 2008 tax return or wait and claim it on your 2009 tax return. Just remember if the home ceases to be your main residence at any time during the 3 years after you purchase it, you do have to pay the money back.

Changes in the Additional Child Tax Credit

In order to qualify for the Additional Child Tax Credit in the past you had to have *earned wages* in excess of \$8,500 for the credit to be refundable. The ARRA reduced the minimum amount you have to earn to \$3,000. This means that more taxpayers will qualify for this credit and some taxpayers will receive a larger additional child tax credit on their 2009 return.

Sales Tax Deduction on New Car Purchases

Thinking of purchasing something new? Taxpayers who buy a new car, light truck, motor home or a motorcycle, after February 16, 2009, and before January 1, 2010, may be entitled to deduct the sales tax they paid on their purchase. This will benefit to most taxpayers on their 2009 tax return, but what would a new tax deduction be without phase out ranges? The credit will be reduced or eliminated for taxpayers whose modified adjusted gross income is above \$125,000 (single) and \$250,000 (married).



Earned Income Credit

Got Kids? If you qualify for Earned Income Credit and have 3 or more children there is a temporary increase in the amount of credit you could receive for 2009. If you are familiar with this credit, you are aware that it phases out at a certain income ranges; however, there is good news. The range for taxpayers who file married filing jointly has increased. This can be a big help for a lot of families this year.



The American Opportunity Credit

For 2009 and 2010 the Hope Credit is on steroids. It's now called the American Opportunity Credit. Previously, tuition and fees were the only qualified expenses on this credit. They have now added required course materials. Anyone who has ever bought books in college is now making a, "It's about time!" comment under their breath. The AOC is allowed for the first **4 years** of post-secondary education and the maximum credit is increased from \$1,800 to \$2,500. The credit is reduced or eliminated if your adjusted gross income is above \$80,000 (single) and \$160,000 (married).

Take advantage of the 0% Capital Gains through 2010.
Sell you house, stock or any asset subject to capital gains tax, and you will not pay tax on the gain for the portion in the 10% or 15% tax bracket.

Today's
Tax
Tip



SPOTLIGHTon Robin

Robin Gervais has been at Ada Tax Professionals for almost a year. We have all benefited from Robin's energy and her enthusiastic attitude on a daily basis. She is quick and efficient with anything that she does. She especially enjoys taking time to help her clients understand their tax return and helping them in any way possible. If you have not had the pleasure of getting to know Robin, here is a brief insight.

Upon graduating from high school, Robin went on to Cal Poly Pomona and then to Chaffey College where she continued to pursue accounting and other interests. The internet has replaced her time at the library where she used to spend many hours researching a vast array of subjects. Robin continues to employ the internet in many aspects and has become a great asset to Ada Tax Professionals with her internet know how. In 2005, she took a her first course in taxes and was hooked! Robin then began volunteering for AARP during the tax season. Volunteering is not a new concept for Robin. She has spent countless hours on PTA, soccer, and school-site boards; as a team-mom, and a soccer coach. She has coordinated fund raisers, snack bars, luncheons, conventions and other volunteers. Robin also helped establish the first state home school organization in Idaho whose focus was putting together conventions to educate and support other home school families. She also wrote a monthly feature in the Treasure Valley Home School News called "Fashionably Frugal." Robin has put this talent to work in writing most of this newsletter adding spice and pizzazz.

Robin has been married to her wonderful husband Steve, for 26 years. Together they have owned and operated their own landscaping business since moving to Boise 12 years with their two children, Jimmy and Erin. Today, Robin's kids have grown up, married and soon each will have given her a beautiful grandson! She truly feels blessed. When asked what her greatest accomplishments in life have been so far, she will proudly admit that it was in the raising of her children. Robin's hobbies include: bargain hunting, bible study and gardening.

Her words to live by are found in the same book she reads consistently.
And God is able to make all grace abound to you, so that in all things at all times; having all that you need, you will abound in every good work. II Corinthians 9:8





9140 Ustick Rd.
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RETURN SERVICE REQUESTED

Buying a home? A car? Got kids? Working? Read on—

Your Invited to a *real* tour of our
new office

**Where: 9140 Ustick Road,
Boise, ID 83704**

When: Monday-Friday 9-5

**Stop by anytime as we love to see our clients
and their friends too!**

If you would like to have a free analysis of your withholding (see page 2),
please call to schedule an appointment.