

2009 Annual Tax Changes

Here are a few things that change every year that you should know about.

Mileage Deduction: One amount all year for 2009. Business is 55 cents per mile, Medical and moving mileage is 24 cents and charitable miles remain at 14 cents per mile.

IRA Contributions: No changes in 2009. Still a maximum contribution of \$5000 for those eligible and those over age 50 can contribute an extra \$1000 per year.

Personal Exemptions: Increased to \$3,650 for each dependent, up from \$3,500 in 2008

Social Security Maximum: The maximum wages that you pay social security tax on for 2009 are \$106,800. You will continue to pay Medicare tax up to the full wage amount.

Capital Gains Rates: Same as 2008, the Long Term Capital Gains tax rate for those in a 10% or 15% tax bracket are 0%. It remains 15% Capital Gains tax for those in all higher tax brackets. This is the last year for those rates, so expect to see increases in 2010.

Unemployment Compensation: You can deduct up to \$2,400 off your income for 2009

New American Opportunity Credit

Under the Recovery Act passed in 2009 the previous Hope Credit has been modified to become the American Opportunity Credit. This credit is now for the first 4 years of college and offers up to \$2500 per year. The credit is available for single taxpayers with adjusted gross income up to \$80,000 and married taxpayers up to \$160,000. With this credit book expenses are eligible, as well as tuition. For those students in graduate school or beyond year four, the Lifetime Learning credit is still available. Also still available is the Tuition Deduction which may apply if you are not qualified for any of the credits. We can maximize which option is the best for your tax situation with our software.



2009 Tax Changes

First Time Homebuyers Credit. I'm sure by now you have heard about this one. If you qualify your deadline is quickly approaching. The final deadline to close is November 30, but I have heard most companies want the purchase process started by October 15th so they can guarantee closing by the final date. Remember, that you must keep the house for 3 years to receive the full credit and the credit phases out on income over \$75,000 single and \$150,000 for a married couple.

Energy Efficient Credits. If you aren't a new home buyer, you can fix up your existing home with energy efficient improvements and get up to \$1500 in credits. This includes insulation, windows, heating and air conditioning systems. Act now before the cold weather starts.

New Vehicle Purchase Incentives. You may have heard that those purchasing vehicles in 2009 are allowed to deduct the sales tax on their taxes. But what about us in Oregon that don't have sales tax? Well, the IRS has come up with a little something for us. Taxpayers in Oregon are allowed to deduct other fees or taxes imposed by the state or local government. The deductible fees must be assessed on the purchase of the vehicle and are based on the sales price. I would suggest you find those fees on a detail invoice of your vehicle. Just put that invoice aside with your other tax documents and bring it with you at tax time.

Required Minimum Distributions Suspended in 2009. Remember Seniors, there are no RMD's required for 2009. The IRS gave us a break with the huge drop in investments last year. Chances are this is a one year reprieve, so the RMD's will return in 2010.

Go Green! There are still many hybrid vehicles that qualify for the energy tax credits, even if the Toyotas and Hondas are no longer available. These are federal and state tax credits. The credits vary depending on the vehicle. There are even some larger vehicles such as hybrid Escalades, Tahoe's and Durango's on the list. For more information you can check out the following website <http://www.irs.gov/businesses/corporations/article/0,,id=203122,00.html> or just call me and I can give you some information.



Sue's News

Summer was fun in the Hjort household and we enjoyed the warm weather. My youngest daughter turned 16 in August and got her driver's license. We celebrated by driving my 19 year old daughter back to San Diego for her sophomore year at University of San Diego. She is still a Math major, but has ruled out accounting and engineering as careers. My son is working fulltime at a landscaping company as an estimator and is happily enjoying the outdoors. No school for him right now. And my youngest is working hard in her junior year studies at high school and starting the college search. In the tax office I am finishing up on the final tax extensions for the 2008 tax year on October 15th.



College Planning Event

As I mentioned earlier, I will be sponsoring a College Planning Event coming up on **Wednesday, November 11, 2009**. I believe it will provide some very good details for those of you preparing for the future of your children or even grandchildren. Look for information about this event in the mail soon. I would love to have many of you there.



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Our Mission Statement

To use our talents and experience to achieve the following:

To keep our promises; to be honest with every client we have; to make the extra effort to find every tax deduction allowed by law for each client; to help small business owners have peace of mind in order that they can run their businesses free from the worry of tax and accounting obligations; to earn the trust of every client we have.

To always remember that we are here to serve our clients - not the other way around.

"The LORD is my rock, my fortress and my deliverer; my God is my rock, in whom I take refuge. He is my shield and the horn of my salvation, my stronghold."
Psalm 18:2



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Sending a kid to college?
Look for details on Sue's college
planning seminar inside!

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Fall 2009

The graphic for "Fall 2009" features the word "Fall" in a large, elegant script font, with "2009" in a smaller, similar font. Three autumn leaves are scattered around the text, and a thin, curved line sweeps across the bottom.

Greetings! I hope your summer was wonderful and you enjoyed the unusually HOT weather here in the Northwest! While we were all enjoying summer, the President was busy putting his new tax plan to work. Perhaps you took advantage of some of these opportunities. Maybe you purchased a new car under the "Cash for Clunkers" program. Or maybe you first time homebuyers bought your dream house and are anxiously awaiting your \$8000 credit from Uncle Sam. And there are other tax opportunities that you can take advantage of before the end of the year. I thought I would expand on the information I gave you last Spring about the 2009 tax laws and update you on any changes. And, since it is Fall and many of you sent a student off to college or you are going to be sending a student soon, I want to highlight the expanded tax benefits for Education. In fact, I am going to be putting on a College Planning Event in November with a colleague of mine from Ameriprise. We will go into detail about how to save for college and receive tax advantages. Look for more information on that in the mail soon. For now, just remember that I am in the office year round to assist and provide advice when questions come up.

Wishing you a wonderful Fall Season.



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