

December 2008

We had a political cartoon recently pointed out to us that I will try my best to share, without photos. There's a hapless guy who, over four panes, says, 'Let me get this straight. If there's a bailout package, the autoworkers health care will be paid for by taxpayers like me.... Who can't afford to buy their own health insurance!'

Here are some things to contemplate these last few weeks of 2008:

The biggest news this year concerns foreclosures and debt relief. Many taxpayers may receive either a 1099-C or 1099-A, and it will be the first time they see either of these documents. If you do receive one, make sure to bring it in - debt forgiveness reporting is a tricky issue.

Economic Stimulus Payments, the 2008 rebatable credit! If for whatever reason you did not qualify in 2007 but do in 2008, it will be tried up on your 2008 return (did you have a child, are you filing for the first time, did your income or deductions change, etc?).

You can still make charitable contributions directly from your IRA. This will help taxpayers who are forced to take a Required Minimum Distribution, and who either do not have itemized deductions, or have Schedule A limitations, or are subject to the AMT.

A new rule for 2008 that will help some of our clients is the ability to take up to \$1,000 of property taxes off of your Married Filing Joint return if you do not otherwise have itemized deductions. All other filing statuses can claim up to \$500.

We are often asked how to value non-cash charitable contributions. You can find some guidelines on the Goodwill web site, at www.goodwill.org.

As always, if possible, push out constructive receipt of revenues and pull in expenses. If you have an estimated State tax payment due in January, make it before year end. Consider pre-paying your February property tax bill.

Check out our new web site at www.btbtax.com. There are still lots of changes we want to make, but at least we have something up other than the 'check back soon' page.

We have certainly seen an increase in IRS and FTB activities this year. It looks like someone has to pay for all of the bailouts we've been hearing about lately. We'll take this cue to remind you that if you ever receive any communications from any of the taxing authorities forward us a copy so that we have an opportunity to interpret it for you.

For those of you who would like us to issue your 1099s, please forward us all pertinent information (full names, addresses, ID numbers, amounts, etc.) by Friday January 17.

Our best holiday wishes to each of you. We all look forward to the next several months when we will undoubtedly have the opportunity to see you all and work with you again.

BTB