

# Taxing Times

Tax information for clients and friends of Stambaugh Ness, PC



December 15, 2008

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Our friends at AccountingWeb have re-worded "The Twelve Days of Christmas" to reflect potential tax savings for you. [Check it out!](#)

*By Tax Supervisor Kevin Eisenhart, CPA and Tax Specialist Crystal Martin*

### 2009 TAX PLANNING GUIDE AVAILABLE FOR VIEWING

You pay federal income taxes every year, but are you paying too much? Everyday financial decisions and transactions can affect your taxes more than you may realize. Our 2009 Tax Planning Guide explains how taxes fit into your financial life and provides pointers for trimming your tax bill.

You may access the guide from the Stambaugh Ness [website](#) or directly from [this link](#).

### IS A SECOND STIMULUS CHECK ON THE HORIZON?

House Democratic leaders are putting together a second economic stimulus package, which could mean a second round of stimulus checks. Stay tuned to future issues as we follow this developing story and report how this might benefit you and our economy.

### EXTENSION CHANGES NOTED FOR SOME BUSINESS TAXPAYERS

Currently, the extended due date for both businesses and individuals often falls on the same date, generally Oct. 15. This creates a burden for individual taxpayers who rely on the information from Schedule K-1 and other similar statements to prepare and file their personal tax returns in a timely manner.

The IRS issued temporary and proposed regulations that will reduce the extension of time to file tax returns for certain businesses that generate Schedules K-1 and other similar statements from six months to five. Requiring these statements to be issued one month earlier, generally by Sept. 15, will provide recipients time to prepare and file returns within the extended time frames.

This change will be effective for extension requests with respect to tax returns due on or after Jan. 1, 2009. It applies to business entities that file the following returns and forms that have a tax year ending on or after Sept. 30, 2008:

- Form 1065, U.S. Return of Partnership Income
- Form 1041, U.S. Income Tax Return for Estates & Trusts
- Form 8804, Annual Return for Partnership Withholding Tax (Section 1446)

The regulation does not change the process for requesting an extension of time to file, nor does it affect extensions of time to file other types of

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business returns, such as those used by S corporations.

## **HAVE YOU PURCHASED A HOME RECENTLY, OR ARE YOU CONSIDERING BUYING A HOME?.**

### **Up to \$7,500 Tax Credit for "First-Time" Homebuyers**

First-time homebuyers should be aware of a new tax credit included in the Housing & Economic Recovery Act of 2008. The credit applies **only to homes purchased after April 8, 2008 and before July 1, 2009**. A "first-time homebuyer" is defined as an individual who has not owned a personal residence during the three-year period preceding the home purchase date.

Even though this is a fully refundable tax credit, the credit is much like an interest-free loan and must be repaid over a 15-year period. However, there are some exceptions that apply to the repayment rule.

#### **CRYSTAL'S OBSERVATION:**

**"First-time homebuyers need to know this credit is available for a limited time only, and it may be claimed on their 2008 tax return."**

The credit is 10% of the purchase price up to a maximum of \$7,500. (\$3,750 if married filing separate.) The credit is claimed by filing Form 5405 along with Form 1040, and is reduced or eliminated for high-income taxpayers. (Phase-out range for married couples filing jointly is modified adjusted gross income of \$150,000 - \$170,000. All others, phase-out range is \$75,000 - \$95,000.)

More detailed information is available from your SNPC tax professional or on the [IRS website](#).

## **ARE YOU PLANNING TO MAKE ENERGY-SAVING IMPROVEMENTS TO YOUR HOME?**

The Emergency Economic Stabilization Act of 2008 extends and improves tax incentives for renewable energy improvements such as wind, solar, biofuels, and geothermal energy investments.

Even though the new law restored the separate credit for installing energy-efficient insulation, windows, doors, heating and cooling equipment in your residence, it is not effective until 2009. The lifetime maximum credit is only \$500.

#### **CRYSTAL'S OBSERVATION:**

**"If you are planning to purchase new energy-efficient windows for your personal residence, wait to have them installed until after December 31, 2008."**



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For more information about any of these tax topics or other tax concerns, please contact Kevin or Crystal or your own SNPC tax professional at 717-757-6999/800-745-8233. You may also reply to this email.