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2009 YEAR-END NEWSLETTER



Holiday Greetings to friends and clients! *It's time to start preparing for the 2009 income tax filing season. This newsletter provides a summary of the key 2009 tax changes and offers some ideas to help reduce your taxes.*

2009 Tax Act Highlights:

- ☞ The First-Time Homebuyer Credit has been extended through April 2010 & current homeowners may now qualify when purchasing a replacement home.
- ☞ The Residential Energy Property Credit has been reinstated for 2009 & 2010.
- ☞ The first \$2,400 of unemployment benefits is Tax-Free. If both spouses are unemployed, each may exclude the first \$2,400 of benefits received.
- ☞ The Required Minimum Distribution (RMD) can be skipped with no penalty.
- ☞ Sales tax paid on the purchase of a new vehicle is deductible regardless of whether you itemize.
- ☞ An additional Standard Deduction for property taxes paid, up to \$1,000.
- ☞ The Hope Credit has been increased and expanded. (\$2,500/4 years)
- ☞ Expanded Net Operating Loss (NOL) Carryback Options for most Businesses.
- ☞ The Standard mileage deduction is 55.0 cents/mile. Medical mileage is 24.0 cents/mile and charitable mileage is 14.0 cents/mile.

Year-End Tax Savings Strategies

- Pay your property taxes early or make an extra mortgage payment before December 31st.
- Bunch expenses together-pay doctors bills, health insurance premiums, buy eyeglasses, or stock up on prescriptions to help meet the threshold.
- Review your Flexible Spending Account and use the remaining balance. Over the counter medication can be purchased with FSA funds-stock up & save.
- Sell losing stock and generate up to \$3,000 in deductible losses.
- Contribute to your favorite charity. Make a cash or non-cash donation (clothing, etc.) Remember-Keep your receipt.
- Business Owners & Self-Employed Individuals: defer income by delaying year-end billings so payment will be received next year. Increase your expenses-pay bills early, stock-up on office supplies or purchase new equipment. Review your inventory for possible write-offs.
- Maximize your contribute to your retirement plan (IRA, Simple, SEP).
- Set-up a Section 529 College Savings Plan for future tax savings and college tuition.
- Prepare a draft of your tax return and make up for any tax shortfall by adjusting your payroll withholdings or make an estimated payment.

Financial Planning Services

Contact us regarding Financial Planning Services including: college savings plans, retirement plans, IRA/401(k) rollovers, investments, estate planning, personal & business tax planning, insurance, etc.

Please call (781) 821-2155 or (508) 240-1040, on the Cape, with any questions on how this information may impact your particular situation. We look forward to working with you in the coming months.

Sincerely,

Michael and my office staff: Michelle, Tricia, Renee, & Eileen

