

TAX NEWSLETTER

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LB TAX SERVICES, LLC

Licensed to Represent Taxpayers Before the IRS

Arizona Tax Credits May Save You Money

For Arizona residents, or those “non-residents” that have an Arizona tax liability, don’t miss out on your opportunity to pay your Arizona tax where you want! I’ve emphasized this over and over again because it is a win-win situation.

1) If you have an Arizona tax liability, you can choose a non-profit organization to pay your tax.

2) If you can itemize on the federal return, then you’ll save money on your federal return by simply choosing where to pay your tax.

First, look at Line 20 on your Arizona state tax return (Form 140). That is last year’s tax liability. If not much changed in 2008, you can rely on that number being 2009’s tax li-

ability. In that case, I’m recommending three different Arizona Tax Credits that need to be made no later than December 31, 2008:

1) **The Military Family Relief Fund Tax Credit.** Married couples can contribute up to \$400 and singles up to \$200. The focus of this credit is the families of Arizona service members injured or killed while fighting the Global War on Terror. Please use the following website to learn more and to make your donation: www.azdvs.gov/mfrf

2) **Credit for Contributions Made or Fees Paid to Public Schools.** There are plenty of public schools that can utilize your tax dollars. Look around your neighborhood or ask your family/

friends. If you’re unsure, send me an e-mail and I can suggest a name and address for your contribution. Again, a married couple can contribute up to \$400 and singles up to \$200.

3) **Credit for Contributions to Private School Tuition Organizations (STOs).** STOs are designed to help families send their children to private schools when they normally can’t afford it. My favorite STO is the Institute for Better Education, www.ibescholarships.org. Married couples can contribute up to \$1,000 and singles up to \$500.

As long as you have enough tax liability (Line 20), you can contribute to all three of these tax credits. Make sure you get your receipt.

Think about it. If you don’t contribute, will you know how the state of Arizona spends your tax dollars?

Contact Your Financial Planner

If you have investments, especially mutual funds, I recommend contacting your financial advisor to see if you will be getting a large amount of capital gains at the end of this year. Now, you don’t normally get them in the form of a check; they are usually reinvested, but capital gains are taxable in the year you receive them.

If you are getting a large amount

of capital gains, your Financial Planner may be able to sell some of the under performing funds to create a loss which will offset the gain. Then they can buy something else to go back into your portfolio, but you will save money with this strategy.

This will not work for IRAs, 401(k)s, and other retirement accounts.

Merry Christmas and Happy New Year!!!!!!

This year, I will be out of the office from December 19 — 28. I look forward to taking some time to myself before the next four months in which I see very little time off.

I wish you and your families a very Merry Christmas and a Happy New Year. I pray that 2009 brings many blessings and prosperity to all of us.

If you know of someone (family, friends, co-workers, etc.) that can benefit from the information in this newsletter, please share it.

LB Tax Services' Website

It is a work in progress and contains some good information, especially the *Forms* link, which will help you prepare for the upcoming Tax Season.

It also explains what an Enrolled Agent is, gives you a little of my background, and provides an avenue to contact us.

Please see the article “Preparation for the 2009 Tax Return” on the other side to see what you need to be prepared for the upcoming Tax Season.

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Preparation for the 2009 Tax Return

For 2009, I am using a new organizer, which you will be able to find on my website **in January**. The organizer is of great value to me. I use it to make sure I've got current and accurate data on file to properly prepare your tax return. Please take time to complete the organizer before you drop off your tax documents for me to complete your returns. There will be separate organizers for personal, businesses, and rentals.

Engagement Letter. I plan to be more persistent in having you sign the Engagement Letter this year. It has changed some and I want you to be certain of the service I am offering. The Engagement Letter also details what is expected of you.

If you don't have access to our website, please call us and we will be glad to send you the forms you need to complete before bringing us your tax "stuff".

Last Mass Mailing

My goal has been to communicate with my clients monthly; therefore, I have been collecting e-mail addresses during the last two Tax Seasons. While we did test the system by sending out one e-mail this year, it did not reach every client.

Realizing that not everyone has e-mail, it is important to send out one more mass mailing. We want your e-mail addresses. I will continue to mail those clients who don't have an e-mail, but it will not be as regularly as those with e-mails. I believe I can benefit you more with regular communications.

Please send an e-mail to LBTaxServices@gmail.com to make sure we have your current e-mail address.

Standard Mileage Rates for 2009

The standard mileage rates for 2009 have been released. They are as follows (per mile):

55 cents for business
24 cents for medical
14 cents for charitable

These amounts are down slightly from 2008's ending standard mileage rates. You may recall there was a mid-year adjustment because of the price of gas.

As a reminder, for January 1 — June 30, 2008, the rates were:

48.5 cents for business
20 cents for medical
14 cents for charitable

And for July 1 — December 31, 2008, the rates increased to:

58.5 cents for business
27 cents for medical
14 cents for charitable

Because there is a mid-year split in price per miles, you must calculate each half separately. This should not be a problem because you must keep a mileage log if you have deductible mileage.

Mileage logs do not have to be elaborate. I use my day planner. It tells me exactly where I drive for business, medical, and charitable purposes. If you keep timely and

accurate records, you will have support to show the IRS if your tax return is ever examined.

Items to include in your mileage logs include the date used, your destination, number of miles, and business purpose. Additionally, we need to know when you first started using your vehicle for business and total miles for the year. It's best to take an odometer reading at the end of the year.

The bottom line is, if you want to take a deduction for mileage, you need to provide written support for your deduction.