

Happy St Patrick's Day!



# DONOVAN SULLIVAN & RYAN

March, 2009

A Newsletter for our Clients and Friends



FROM THE  
PARTNERS  
PEN....

Dear Clients and Friends,

A big "Thank You" to all those clients who have already submitted their tax information. Early filing equals quick refunds. A request to those who have not yet forwarded their tax organizers and documents to do so as soon as possible.

Our goal is timely filing of all individual and business returns. Extension requests should be only for those clients who can't get all the required information in time.

Have you used our new "client portal" on our website ([dsr CPA.com](http://dsr CPA.com))? This is a secure service that allows you to send files to us or to access files that we have transferred there. Usually it would be used for copies of tax returns that you can view, print or copy to your computer. It can also be used to transfer QuickBooks files, copies of documents and financial statements. If you need any help using the portal, please contact Joyce Foley at [jfoley@dsr CPA.com](mailto:jfoley@dsr CPA.com).

Sincerely,



Mike Ryan

## WHAT OBAMA'S STIMULUS PACKAGE MAY MEAN FOR YOU

On February 12, 2009, President Obama signed into law the American Recovery and Reinvestment Act, aka the economic stimulus package. The \$787-billion plan has met mixed reviews and has a number of provisions that directly affect many of us. Below are some ways that the stimulus package may affect you:

The **Making Work Pay Credit** provides up to \$400 per person or \$800 for couples filing income tax returns jointly (the credit is equal to 6.2 percent of earned income). The IRS will be issuing new tax tables this spring to employers which will result in more take-home pay this spring for millions of American workers. Those making \$75,000 or less (\$150,000 per couple) get the full credit. Individuals making no more than \$100,000 and couples who make less than \$200,000 can get a partial credit. The credit will be doled out gradually and amount to roughly \$15 per two-week pay period. Low-income families who owe no income tax can also receive the refundable credit.

**Credit for non-workers:** Retirees, disabled individuals, veterans and others who don't work will receive a **one-time \$250 payment**. This payment will be issued by the Social Security Administration and will be a reduction to any Making Work Pay credit for which the recipient qualifies.

**Tax break for higher-income families:** This one-year provision protects middle- and upper-middle-income families from having to pay the Alternative Minimum Tax.

**Temporary deduction for car buyers:** Those buying new cars, light or recreational vehicles or motorcycles in 2009 can deduct state and local sales taxes as well as any excise tax included in the purchase. The deduction is available for those earning less than \$125,000 (\$250,000 for joint filers).

**Temporary credit increase for home buyers:** A \$500 increase, to \$8,000, in the existing temporary and refundable first-time home buyer credit. The new provision removes the requirement under current law that the credit be paid back if the buyer stays in the home for at least three years. It also extends the credit's expiration date to Dec. 1, 2009. To be eligible, home-owners must buy their homes after Jan. 1, 2009, and before Dec. 1, 2009. Individuals making no more than \$75,000 (\$150,000 for joint filers) can receive the full credit.

**Unemployment benefits:** Jobless workers can receive an additional 20 weeks in unemployment benefits and \$25 more per week. Unemployed workers can also receive an additional 13 weeks in benefits if they live in one of about 30 high unemployment states. The first \$2,400 of benefits in 2009 would be exempt from federal income taxes.

**New temporary college credit:** The American Opportunity Tax Credit, in effect for 2009 and 2010, expands the existing Hope Scholarship tax credit from \$1,800 to \$2,500. Full credit is available for taxpayers making less than \$80,000 (\$160,000 for joint filers). Partial credit is available for those making no more than \$90,000 (\$180,000 jointly). Lower-income families who pay little or not federal taxes can claim some of the credit.

**Health insurance for the jobless:** Helps eligible jobless workers pay for health insurance under Cobra, the coverage that allows newly unemployed workers to keep their former insurer's health insurance for a period of time. The government will subsidize 65 percent of Cobra premiums for up to 9 months for workers laid off between Sept. 1, 2008, and Dec. 31, 2009. Those laid off between Sept. 1, 2008, and Feb. 17, the day the stimulus went into effect, who did not sign up for Cobra get an additional 60 days to do so. The subsidy has annual income limits of \$125,000 or less (\$250,000 for couples filing jointly). States also receive funding to help pay for expanded Medicaid rolls, and for workers who've lost their jobs and can't afford health care or can't get Cobra coverage because their former employer doesn't offer a health care plan.

**"More than accountants....business advisors"**

## Tax Facts About Capital Gains and Losses

With the increase in capital losses this year due to the tumultuous market, here are some facts about capital gains and losses that you may not have been aware of:

- Almost everything you own and use for personal purposes, pleasure or investment is a capital asset.
- When you sell a capital asset, the difference between the amount you sell it for and your basis, which is usually what you paid for it, is a capital gain or a capital loss.
- You must report all capital gains.
- You may deduct capital losses only on investment property, not on property held for personal use.
- Capital gains and losses are classified as long-term or short-term, depending on how long you hold the property before you sell it. If you hold it more than one year, your capital gain or loss is long-term. If you hold it one year or less, your capital gain or loss is short-term.
- Net capital gain is the amount by which your net long-term capital gain is more than your net short-term capital loss.
- The tax rates that apply to net capital gain are generally lower than the tax rates that apply to other income and are called the maximum capital gains rates. For 2008, the maximum capital gains rates are 0%, 15%, 25% or 28%.
- If your capital losses exceed your capital gains, the excess can be deducted on your tax return, up to an annual limit of \$3,000 (\$1,500 if you are married filing separately).
- If your total net capital loss is more than the yearly limit on capital loss deductions, you can carry over the unused part to the next year and treat it as if you incurred it in that next year.

## CHECKING THE STATUS OF YOUR FEDERAL TAX REFUND IS EASY

If you already filed your federal tax return and are due a refund, you can check the status of your refund online. *Where's My Refund?* Is an interactive tool on the IRS Web site at IRS.gov. If you e-file, you can get refund information 72 hours after IRS acknowledges receipt of your return. If you file a paper return, refund information will be available within three to four weeks. When checking the status of your refund, have your federal tax return handy. To get your personalized refund information you must enter:



- Your Social Security Number (or Individual Taxpayer Identification Number).
- Filing status (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er)).
- Exact refund amount shown on your tax return.

Refunds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.

## AROUND THE OFFICE



IT'S A BOY!! Congratulations to **Mike and Joanne Ryan** on the birth of their very first grandchild! Cormac Yusef Ryan was born on February 16th and weighed in at 9lbs. 6oz. He is the son of Mike and Joanne's son, Brendan, and his wife Niki. Needless to say, Mike and Joanne are thrilled about the new addition to the Ryan family!

Cormac  
Yusef  
Ryan



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