



DONOVAN SULLIVAN & RYAN

September, 2008

A Newsletter for our Clients and Friends

The Housing Assistance Tax Act of 2008 in Summary

On July 30, President Bush signed into law the Housing Assistance Tax Act of 2008. The Act provides important tax law changes that impact individuals and small businesses. The following are highlights of the four major tax provisions:

First Time Homebuyers Tax Credit

There's a new, refundable tax credit of up to \$7,500 for purchasing a primary residence. The credit is available to first-time homebuyers. The credit is available for homes purchased after April 9, 2008, and before July 1, 2009. And the credit will need to be repaid in equal installments over 15 years. This is the equivalent of an interest-free loan.

Additional Standard Deduction for Property Taxes

Homeowners can claim an additional standard deduction for property tax if they do not itemize. The additional amount is limited to \$500 for single filers or \$1,000 for joint filers. The amount is claimed as an additional amount on top of their standard deduction. The deduction is valid for the 2008 tax year only.

Income Reporting for Credit and Debit Card Payments

Income received through credit and debit card transactions will be reported to the IRS starting in the year 2011. Card payment processors will report gross annual receipts to the IRS for businesses with merchant accounts. The income reporting is intended to crack down on merchants who "fail to report accurately their gross income". There are some exceptions to the income reporting for smaller merchants with credit card payments under \$20,000 per year or with less than 200 transactions per year.

Prorated Capital Gains Exclusion for Residential Real Estate

The amount of profit from the sale of a house that can be excluded is now based on the percentage of time when the house was used as a primary residence. Previously, the tax laws allowed a homeowner to exclude up to \$250,000 in gains (or \$500,000 for joint filers) as long as the homeowner owned and lived in the house for at least two years out of the five years ending on the date of sale. Now, any gains will need to be allocated based on usage. Only gains allocated to time spent living in the property as a primary residence will qualify for the tax exclusion.



**FROM THE
PARTNERS
PEN....**

Dear Clients and Friends,

Where did the summer go? It has slipped away as usual. Our office will revert back to its normal business hours (Monday - Friday from 9 -5) beginning the week of Labor Day.

We are currently working on a new way to allow clients to access their tax returns and financial statements. This is being set up through our website. Clients will be able to get a secure, password protected portal to store and access important financial documents from anywhere at anytime. This portal will also allow us to work more efficiently with clients to exchange documents as well as very large QuickBooks files. Stay tuned for more information about how to get set up!

Remember, it's never too early to start tax planning. Please give me a call, especially if you know your situation is going to change.

Enjoy the last weeks of the summer!

Sincerely,

Mike Ryan

Sometimes it's important to work for that pot of gold. But other times it's essential to take time off and to make sure that your most important decision in the day simply consists of choosing which color to slide down on the rainbow. ~Douglas Pagels



"More than accountants...business advisors"

STANDARD DEDUCTION AMOUNTS FOR 2008

Single:	\$5,450
Head of Household:	\$8,000
Married Filing Jointly:	\$10,900
Married Filing Separately:	\$5,450
Qualifying Widow/Widower:	\$10,900
Additional Amount if Blind:	\$1,050
Additional Amount if 65 or older:	\$1,050
Additional Amount for property taxes:	\$500(single) \$1,000(MFJ)

IMPORTANT UPCOMING TAX DEADLINES



Just a reminder that if your Corporation (with 12/31 year end) is on extension, the six month extension due date is **September 15th**. If your Individual or Partnership return (12/31 year end) is on extension, the six month extension due date is **October 15th**.



AROUND THE OFFICE



Summer's coming to an end.
Hope yours was great!

Here's what some of the DSR staff has been up to as of late.....

Michelle Bourbeau recently attended a Cake Convention at the Walt Disney World Contemporary Resort in Orlando, FL. She's also heading back to Disney this month for a week of fun.

Mike Ryan and his wife, Joanne, took a getaway to Florida.

Anne Kraus spent as much time as possible at her summer home in Harwich Port. And she just returned from a trip to Ireland.

Joyce Foley and family just spent a week in Sea Isle at the Jersey Shore.

Marybeth Doyle and family spent a week down the Cape in Dennis.

Bonnie Tyrrell and her husband, Rob, traveled to Nashville and to The Poconos.

Sue O'Brien and family spent lots of time at her 'home away from home' in New Hampshire.

John Marino spent some time in Florida and New Hampshire with his wife Nancy.

Anne Kraus and Sue O'Brien are heading to South Dakota this month where they will see many famous landmarks such as Mount Rushmore, Crazy Horse and The Badlands. Bon Voyage, ladies!

DONOVAN, SULLIVAN & RYAN
265 WASHINGTON STREET WESTWOOD, MA 02090
TELEPHONE: (781) 329-1690 FAX: (781) 329-3002
WWW.DSRCPA.COM