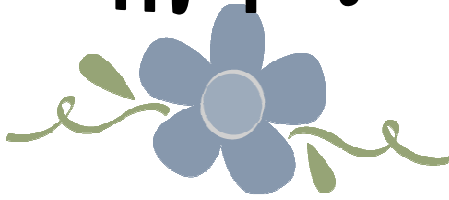


# Happy Spring!



## FROM THE PARTNERS PEN....

Dear Clients and Friends,

Now that the mad rush is over and we have had an opportunity to take a vacation, it is a good time to reflect on how we can do a better job for our clients. If you have any suggestions on how we can better serve you, please let me know either by phone or email at [mryan@dsrpa.com](mailto:mryan@dsrpa.com).

This is also a good time for us to meet any new potential clients. We welcome your referrals of friends and business associates.

I was very concerned to hear that the proposed legislation to increase the Massachusetts Sales Tax from 5% to 6.25% (a 25% increase) includes a provision that would subject professional services to the sales tax. This will result in a significant additional tax burden for our small business clients during the current economic downturn. I would urge you to contact your state representative and tell him or her that you oppose both the increase in the rate and the expansion of the tax to professional services. I don't believe there should be any tax increases until there have been significant cuts in state government.

Sincerely,

Mike Ryan

# DONOVAN SULLIVAN & RYAN

April/May 2009

A Newsletter for our Clients and Friends

## 2009 FILING SEASON STATISTICS FROM THE IRS

The chart below shows some statistics from the IRS comparing 2008 and 2009 figures. There was a 6% increase in the number of returns that were e-filed and a 9% increase in those who elected direct deposit. E-file has become more popular because it is fast, safe and accurate. Direct deposit allows taxpayers to receive their refund in as little as 10 days.

	2008	2009	% Change
<b>Individual Income Tax Returns</b>			
Total Receipts	139,928,000	131,543,000	-6.0%
Total Processed	119,100,000	117,014,000	-1.8%
<b>E-Filed Returns Received</b>			
TOTAL	85,606,000	90,639,000	5.9%
From Tax Professionals	59,444,000	59,439,000	-0.01%
Self-Prepared	26,162,000	31,200,000	19.3%
<b>Web Usage</b>			
Visits to IRS.gov	168,069,815	190,905,950	13.6%
<b>Total Refunds</b>			
Number	93,183,000	96,673,000	3.7%
Amount	\$220.958 Billion	\$259.348 Billion	17.4%
Average Refund	\$2,371	\$2,683	13.1%
<b>Direct Deposit Refunds</b>			
Number	62,795,000	68,646,000	9.3%
Amount	\$168.847 Billion	\$202.395 Billion	19.9%
Average Refund	\$2,689	\$2,948	9.7%

## NEW RATES FOR 2009

- ◆ The maximum amount of earnings subject to social security tax for 2009 has increased to **\$106,800** from \$102,000.
- ◆ The personal exemption rate for 2009 is **\$3,650** per exemption, up from \$3,500 in 2008.
- ◆ The standard deductions for 2009 for non-itemizers are as follows:

Single	<b>\$5,700</b>
Married, filing separately	<b>\$5,700</b>

Beginning January 1, 2009, the standard mileage rates are:

- ◆ **55 cents** per mile for business miles driven
- ◆ **24 cents** per mile driven for medical or moving purposes
- ◆ **14 cents** per mile driven in service to a charitable organization

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

## New Sales Tax Deduction in 2009 for Vehicle Purchases

Taxpayers who buy a new car or several other types of motor vehicles this year may be entitled to a special tax deduction when they file their 2009 federal tax returns next year. The tax break is part of the American Recovery and Reinvestment Act of 2009. Here are several things you should know about this new deduction:



- State and local sales taxes paid on up to \$49,500 of the purchase price of qualifying vehicles are deductible.
- Qualified motor vehicles generally include new (not used) cars, light trucks, motor homes and motorcycles.
- Purchases must occur after Feb. 16, 2009, and before Jan. 1, 2010.
- This deduction can be taken regardless of whether or not you itemize other deductions on your tax return. For non-itemizers, the sales tax can be added to the standard deduction.
- Taxpayers will claim this deduction when filing their 2009 federal income tax return next year.
- The amount of the deduction is phased out for taxpayers whose modified adjusted gross income is between \$125,000 and \$135,000 for individual filers and between \$250,000 and \$260,000 for joint filers.
- The deduction may not be taken on 2008 tax returns.



## HAVE YOU CHECKED OUT OUR WEBSITE LATELY?

Log on to [www.dsrcpa.com](http://www.dsrcpa.com) for:



- \* Information about our staff and services
- \* The DS & R monthly newsletter in pdf format - you can view a copy of this newsletter as well as previous months.
- \* A monthly website auto newsletter that can be emailed to you each month - all you need to do is click on Newsletter and Monthly Newsletter, enter your email address in the white box then click submit.
- \* Financial guides for changing life events, business and investment strategies and tax strategies for individuals and business owners.
- \* A Tax Center that provides a wide variety of tax information such as due dates, refund info, rates, forms and publications, tax estimates and record retention.
- \* A Financial Calculator that will give you personalized reports and graphs on home mortgages, car loans, college saving, estate planning and retirement to name a few.
- \* A Secure Client Portal that allows us and our clients to exchange files such as tax returns, QuickBooks files, copies of documents and financial statements. Many of our clients successfully used our portal during the past tax season and loved it. It is our goal for all of our clients to use it in the future.



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