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## 2008 ECONOMIC STIMULUS PAYMENT

In an attempt to boost the U.S. economy, Congress, on 2/7/2008, passed the Economic Stimulus Act of 2008. Designed to provide taxpayers relief in three ways, the Stimulus Act was then signed into law on 2/13/2008. Benefits are:

1. Tax rebates for qualifying taxpayers.
2. Modified Section 179 deductions applicable to small and medium-sized businesses.
3. Reinstatement of the additional first-year bonus depreciation provisions for qualifying assets purchased and placed in service in 2008. This relief applies to small, medium and large-sized businesses.

An individual is eligible for the payment if they file a 2007 federal income tax return, use a valid Social Security number and have at least \$3,000 of income tax liability or qualifying income. Additional criteria are then applied to determine qualification for an actual payout. Payments will be issued beginning May for those returns received and processed by April 15; the Internal Revenue Service hopes to complete distribution by early July. If a tax-filing extension has been requested, your return must be submitted no later than 10/15/2008 to be eligible for a 2008 stimulus payment.

Funds will be issued in the order of the last two digits of the Social Security number used on the respective return with delivery varying based on direct deposit or paper check option as selected by the filer.

### PAYMENT SCHEDULE FOR RETURNS RECEIVED & PROCESSED BY 4/15/2008

#### DIRECT DEPOSIT SCHEDULE

#### PAPER CHECK SCHEDULE

If the last two digits of SSN are:	Payment direct deposited to bank by:		If last two digits of SSN are:	Check in the mail by:
00 - 20	May 2		00 - 09	May 16
21 - 75	May 9		10 - 18	May 23
76 - 99	May 16		19 - 25	May 30
			26 - 38	June 6
			39 - 51	June 13
			52 - 63	June 20
			64 - 75	June 27
			76 - 87	July 4
			88 - 99	July 11

This rebate does not target high-income filers but unlike the 2001 tax rebate program, does include low-income individuals who don't typically pay taxes. The basic rebate amount for those qualified equals the greater of the following:

1. A flat minimum of \$300 for a single person or \$600 for married filing jointly.
2. An amount equal to the net federal income tax liability not to exceed a maximum of \$600 for a single person, or \$1,200 for married filing jointly.

Even if you owe 2007 taxes, you are still eligible for this rebate since one does not directly affect the other. If you have your completed tax return and are unsure of your eligibility and amount, use the IRS Economic Stimulus Payment Calculator located at [www.irs.gov/app/esp/](http://www.irs.gov/app/esp/) or contact our office for assistance at 1-630-653-3510.

*This newsletter delivers an easy reference for your 2008 tax numbers as well as just-in-time information on the forthcoming economic stimulus payment. As we close the books on 2007 for many of our customers, it is timely to redirect focus to 2008 tax planning. Taking simple steps now such as evaluating withholding to avoid underpayment penalties or utilizing Flexible Spending Accounts can generate significant benefits for the 2008 tax year. We look forward to continuing to partner with you to improve your financial situation by using effective tax planning as a means to maximize income retention by minimizing tax payment.*

*E-filing continues to be the most efficient option for our customers in 2008 - 93% of all returns we processed were filed electronically! This allows for a faster refund & confirmation of return acceptance by the IRS and state tax authorities and specifically for 2008, expedites the receipt of your stimulus payment.*

*Thank you for your continued patronage. Should any of your friends, relatives or colleagues require professional tax assistance, we would appreciate your referral - it is the best advertisement and sincerely appreciated!*

*John T Grebe*

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for additional information on business, tax, financial planning and other helpful issues, including a library of previous newsletters. Or if you prefer, contact us via email at [jtgrebe@grebeassoc.com](mailto:jtgrebe@grebeassoc.com) for tax-related assistance.



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### 2008 TAX NUMBERS

- Standard Deductions
  - Single \$ 5,450
  - Married Filing Jointly or Qualified Widow(er) \$ 10,900
  - Married Filing Separately \$ 5,450
  - Head of Household \$ 8,000
  - Addl for Elderly/Blind - Married \$ 1,050
  - Addl for Elderly/Blind - Unmarried \$ 1,350
  - Taxpayer Claimed as a Dependent \$ 900
- Personal/Dependent Exemption \$ 3,500
- Gift and Estate Tax
  - Estate Tax Exclusion \$2,000,000
  - Gift Tax Exemption \$1,000,000
  - Gift Tax Annual Exclusion \$ 12,000
- Kiddie Taxable Income \$ 1,800
- Social Security/ Self Employed Wage Base \$ 102,000
- Medicare Wage Base No Limit
- Automobile Standard Mileage Allowances
  - Business 50.5 cents
  - Charitable 14.0 cents
  - Medical/Moving 19.0 cents
- AGI level for limiting itemized deductions:
  - Single/Joint/Head-of-Household/Qualified Widow(er) \$ 159,950
  - Married Filing Separately \$ 79,975
- AGI level for limiting personal deductions begins at:
  - Single \$ 159,950
  - Head-of-Household \$ 199,950
  - Married Filing Jointly or Qualified Widow(er) \$ 239,950
  - Married Filing Separately \$ 119,975
- Maximum IRA Contribution
  - 50 and under \$ 5,000
  - Over 50 \$ 6,000
- Maximum 401(k) and 403(b) Deferral
  - 50 and under \$ 15,500
  - Over 50 \$ 20,500
- Maximum SIMPLE Deferral
  - 50 and under \$ 10,500
  - Over 50 (addl limits apply) \$ 13,000
- Social Security Earnings Limit
  - Below Full Retirement Age \$ 13,560
  - Year Full Retirement Age Reached \$ 36,120
  - Full Retirement Age No Limit
- Section 179 Deduction \$ 250,000
- Qualifying Property Limit \$ 800,000
- SUV Deduction Limit \$ 25,000

### 2008 INCOME-TAX RATES and TAXABLE INCOME BRACKETS

Rate	Single	Head of Household	Married Filing Jointly or Qualified Widow(er)	Married Filing Separately
10%	\$0 - 8,024	\$0 - 11,449	\$0 - 16,049	\$0 - 8,024
15%	\$8,025 - 32,549	\$11,450 - 43,649	\$16,050 - 65,099	\$8,025 - 32,549
25%	\$32,550 - 78,849	\$43,650 - 112,649	\$65,100 - 131,449	\$32,550 - 65,724
28%	\$78,850 - 164,549	\$112,650 - 182,399	\$131,450 - 200,299	\$65,725 - 100,149
33%	\$164,550 - 357,699	\$182,400 - 357,699	\$200,300 - 357,699	\$100,150 - 178,849
35%	\$357,700 and over	\$357,700 and over	\$357,700 and over	\$178,850 and over

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