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As was the case in 2008, lawmakers continue to introduce change intended to assist taxpayers in mitigating the economic downturn. These changes have a direct impact on 2009 tax preparation. This newsletter highlights that impact in addition to providing 2009 tax numbers.

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

This legislation, effective February 17, 2009, is unique in that the tax relief is almost entirely temporary so as not to complicate long-term budget challenges when the economy recovers. Additional goals are to provide quick cash relief to taxpayers, do no further harm to an already fragile economy and deliver on certain presidential campaign promises. Highlights are:

Making Work Pay Credit: introduces a refundable income credit for 2009 and 2010 equal to the lesser of 6.2% of earned income or \$400 (\$800 MFJ), phased out over a modified adjusted gross income range of \$75,000 - \$95,000 (\$150,000 - \$190,000 MFJ). The credit can be claimed on either the 1040 return or as a reduction in federal tax withheld from your paycheck.

Economic Recovery Payment: provides for a one-time payment of \$250 to adults who are eligible for either Social Security benefits, Railroad Retirement benefits, Veteran's disability compensation or pension benefits, or qualifying individuals who are eligible for Supplemental Security Income (SSI) benefits. The credit is \$500 on a joint return if both spouses are eligible.

Earned Income Tax Credit (EITC): increases the EITC percentage for families with three or more qualifying children to 45% for 2009 and 2010. The MFJ threshold phase-out amounts are also increased to \$5,000 above those for other taxpayers.

Child Tax Credit: reduces the earned income threshold for determining the refundable portion of the credit to \$3,000 for 2009 and 2010. Eligible taxpayers may claim a tax credit of \$1,000 for each qualifying child under age 17.

American Opportunity Tax Credit: replaces the existing Hope Scholarship Credit for 2009 and 2010. The maximum credit is increased to \$2,500 for student tuition and related expenses for the first 4 years of college. The credit is phased out for taxpayers with modified AGI of \$80,000-\$90,000 (\$160,000 - \$180,000 MFJ).

First-Time Homebuyer Credit: provides for a refundable tax credit of the lesser of \$8,000 or 10% of the purchase price of a principal residence. The credit does not have to be repaid unless the home is resold or ceases to be the taxpayer's principal residence within 36 months of purchase. Credit applies to home purchases after 12/31/2008 and prior to 12/01/2009. Credit recapture is waived for qualifying purchases during 2009.

Deduction for Taxes on New Car Purchases: provides for an income tax deduction for sales and excise taxes paid on the purchase of a new motor vehicle. Regardless of vehicle cost, the deduction only applies to tax paid on up to \$49,500. The deduction is phased out for taxpayers with modified adjusted gross income of \$135,000/Single and \$260,000 /Joint.

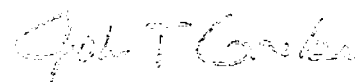
Alternative Minimum Tax (AMT) Exemption Increase: AMT income limits increased to \$46,700 for single filers, and \$70,950 for joint filers.

Energy Incentives: extends through 2010 and expands tax credits for personal energy property purchases such as new furnaces, energy efficient windows, doors and insulation. Credit is increased from \$500 to \$1,500.

As challenging as 2008 was to navigate from a tax perspective, 2009 looks to be an even greater challenge! There have been significant legislative changes intended to help Americans survive the economic downturn. Most, if not all, of these changes have an impact on 2009 tax planning & preparation. Now more than ever, it is crucial for taxpayers to seek the services of a skilled professional. I thank you for your continued faith in allowing Grebe & Associates to be your tax professionals.

We look forward to continuing to partner with you to improve your financial situation by using effective tax planning as a means of maximizing income retention by minimizing tax payment. The e-filing option continues to be the most efficient method of filing, giving our clients a faster refund, and confirmation of return acceptance.

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!



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Park East Office Center
 1749 S. Naperville Road, Suite 203
 Wheaton, IL 60189-5892

2009 TAX NUMBERS

- Standard Deductions
 - Single \$ 5,700
 - Married Filing Jointly or Qualified Widow(er) \$ 11,400
 - Married Filing Separately \$ 5,700
 - Head of Household \$ 8,350
 - Addl for Elderly/Blind - Married \$ 1,100
 - Addl for Elderly/Blind - Unmarried \$ 1,400
 - Taxpayer Claimed as a Dependent \$ 950
- Personal/Dependent Exemption \$ 3,650
- Gift and Estate Tax
 - Estate Tax Exclusion \$3,500,000
 - Gift Tax Exemption \$1,000,000
 - Gift Tax \$ 13,000
 - Annual Exclusion
- Kiddie Taxable Income \$ 1,900
- Social Security/Self Employed Wage Base \$ 106,800
- Medicare Wage Base No Limit
- Automobile Standard Mileage Allowances
 - Business 55 cents
 - Charitable 14 cents
 - Medical/Moving 24 cents
- Maximum IRA Contribution
 - 50 and under \$ 5,000
 - Over 50 \$ 6,000
- Maximum 401(k) and 403(b) Deferral
 - 50 and under \$ 16,500
 - Over 50 \$ 22,000
- Maximum SIMPLE Deferral
 - 50 and under \$ 11,500
 - Over 50 \$ 14,000
- Social Security Earnings Limit
 - Below Full Retirement Age \$ 14,160
 - Year Full Retirement Age Reached \$ 37,680
 - Full Retirement Age No Limit
- HSA Contribution Limit:
 - Self Under 55 \$ 3,000
 - Self Over 55 \$ 4,000
 - Family Under 55 \$ 5,950
 - Family Over 55 \$ 6,950
- Itemized Deduction Phase Out:
 - MFJ, QW, HOH or Single \$ 166,800
 - MFS \$ 83,400
- Personal Exemption Phase Out:
 - MFJ, QW \$ 250,200 - \$ 372,700
 - HOH \$ 208,500 - \$ 331,000
 - Single \$ 166,800 - \$ 289,300
 - MFS \$ 125,100 - \$ 186,350
- Roth Phase Out & Limits:
 - Single, HOH \$ 105,000 - \$ 120,000
 - MFJ, QW \$ 166,000 - \$ 176,000
 - MFS \$ 0 - \$ 10,000

2009 INCOME-TAX RATES and TAXABLE INCOME BRACKETS

Rate	Single	Head of Household	Married Filing Jointly or Qualified Widow(er)	Married Filing Separately
10%	\$0 - 8,350	\$0 - 11,950	\$0 - 16,700	\$0 - 8,350
15%	\$8,350 - 33,950	\$11,950 - 45,500	\$16,700 - 67,900	\$8,350 - 33,950
25%	\$33,950 - 82,250	\$45,500 - 117,450	\$67,900 - 137,050	\$33,950 - 68,525
28%	\$82,250 - 171,550	\$117,450 - 190,200	\$137,050 - 208,850	\$68,525 - 104,425
33%	\$171,550 - 372,950	\$190,200 - 372,950	\$208,850 - 372,950	\$104,425 - 186,475
35%	\$372,950 and over	\$372,950 and over	\$372,950 and over	\$186,475 and over

Tax Bracket	Capital Gains Rates	
	2007	2008-2009
0-15%	5%	0%
25% and Above	15%	15%

ATTN: RETIREES - CONGRESS PASSES EMERGENCY PENSION RELIEF
 Recently, many retirees have seen the value of their retirement assets decrease. Previously, retirees were forced to take a required minimum distribution of their qualified retirement plans, further depleting their tax-deferred nest egg. New legislation passed at the end of 2008 allows IRA holders age 70½ or older in 2009, or beneficiaries of a deceased IRA holder, relief from taking a RMD for 2009.