

2009 tax law changes in brief

- * ADOPTION TAX CREDIT increases to \$12,150 for adoption of an eligible child.
- * SECTION 179 maximum deduction decreases to \$133,000. Phase-out threshold is \$530,000. (It is generally expected that a stimulus law in early 2009 will increase these amounts to the 2008 levels of \$250,000 and \$800,000.)
- * STANDARD MILEAGE RATE for business driving effective January 1, 2009, is 55¢ a mile. Rate for medical and moving mileage is 24¢ a mile. Rate for charitable driving remains at 14¢ a mile.
- * ESTATE TAX top rate remains at 45%, but the exemption amount increases to \$3.5 million. The ANNUAL GIFT TAX EXCLUSION increases to \$13,000.
- * 401(k) maximum salary deferral increases to \$16,500 (\$22,000 for 50 and older).
- * SIMPLE maximum salary deferral increases to \$11,500 (\$14,000 for 50 and older).
- * IRA contribution limit remains at \$5,000 (\$6,000 for 50 and older).
- * KIDDIE TAX threshold increases to \$1,900 and applies up to age 19 (up to age 24 for full-time students).
- * NANNY TAX threshold increases to \$1,700.
- * TRANSPORTATION FRINGE BENEFIT limit increases to \$120 for vehicle/transit passes and to \$230 for qualified parking.
- * SOCIAL SECURITY taxable wage limit increases to \$106,800. Retirees under full retirement age can earn up to \$14,160 without losing benefits.
- * HOPE CREDIT maximum remains at \$1,800.
- * HSA CONTRIBUTION limit increases to \$3,000 for individuals and to \$5,950 for families. An additional \$1,000 may be contributed by those 55 or older.

Thanks to the late passage in 2008 of AMT patch legislation, the AMT exemption amounts for 2008 are \$69,950 for joint filers, \$34,975 for couples filing separately, and \$46,200 for single taxpayers and heads of household.

MARKETING TIP: Tax season is the best time to improve or build your practice. Traffic through your office is