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NEWSLETTER
AUGUST 2008

EFFECT OF 2007 ECONOMIC STIMULUS TAX REBATE

The "Rebate" does not affect 2007 returns. It is actually an "advance" on a new credit that will appear on 2008 tax returns. After your 2008 return is filed, The IRS will run the calculation for the rebate again. If the results show that you would have received more (e.g., due to an additional child), you will be sent the difference, or owe less on your final 2008 tax liability. If instead the calculation shows that you should have received a smaller rebate, then you don't have to pay it back. You get to keep the difference.

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- Maximum earned income tax credit with two or more children is \$4,824 up from \$4,716.
- Income limit for the earned income tax credit for joint filers with two or more children is \$41,646 up from \$39,783.
- The income limit for the "Retirement Savings Contribution" or savers credit is \$53,000 for joint filers, up \$1,000.
- The maximum Hope credit, available for the first two years of post-secondary education, is \$1,800, up from \$1,650 in 2007.
- The contribution amount allowed for Roth IRAs is phased out for joint filers with incomes exceeding \$159,000, up from \$156,000.
- Personal and dependency exemption increased \$100 to \$3,500 for 2008 tax year.
- Standard deduction 2008 amounts are \$10,900 for joint filers, \$5,450 for singles and married filing separately and \$8,000 for heads of household.

SEPTEMBER 15 DUE DATES

- Individuals and corporations should make their third 2008 estimated tax payment.
- Corporations on extension must file their Forms 1120 and 1120S

THANK YOU FOR CHOOSING OUR FIRM AND TELL OTHERS
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