

# Accounting and Taxation Monthly

January 2009

**Billings & Martin, LLP**  
*Trusted Advisors to Your Growing Business*

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## Special points of interest:

- Important Tax Deadlines
- New Trivia Question Feature
- Spotlight Businesses of the Month

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## Important Tax Deadlines

**Happy New Year!** The New Year is a great time for reflection. As the new year has now arrived, ensure your resolution provides an absolute level of resolve. Your finances require resolutions and it all starts with a plan. Contact **Billings & Martin, LLP**, your trusted advisors and business partners, at 713.568.2531 today to get your resolutions in motion.

Please continue with the current edition of our newsletter to learn about special promotions we are offering in the coming season. Be mindful of the deadlines listed below. Of course, you can always contact us if you are concerned about meeting these deadlines.

### **JANUARY**

**15 Individuals:** Pay last installment of 2008 estimated tax with Form 1040-ES. Or file 2008 income-tax return and make full payment of any balance due by February 2.

### **FEBRUARY**

**2 Employers:** Distribute copies of Form W-2 for 2008 to employees. If an employee agrees to receive Form W-2 electronically, post it on a website accessible to the employee and notify the employee of the posting by February 2nd.

**2 Businesses:** Distribute Forms 1099 (or other information statements) to recipients of certain payments made in 2008. See us for more details.

**2 Employers:** File Form 941, Employer's Quarterly Federal Tax Return; quarterly deposit due.

**2 Employers:** File Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, for 2008.

**10 Employers:** Deferred due date of Forms 940 and 941, if timely deposits were made.

### **MARCH**

**2 Businesses:** File 2008 Forms 1099 with the IRS. Electronic filers have until March 31 to file.

**2 Employers:** Paper filers must file 2008 Forms W-2 (together with transmittal Form W-3) with the Social Security Administration. Electronic filers have until March 31 to file.

**16 Corporations:** Calendar-year corporations file 2008 tax return (Form 1120 or 1120-A) and pay any tax due. S corporations file Form 1120S. For an automatic filing extension, file Form 7004 and deposit the estimated tax due.

## IRS Speeds Lien Relief for Homeowners

The Internal Revenue Service announced an expedited process that will make it easier for financially distressed homeowners to avoid having a federal tax lien block refinancing of mortgages or the sale of a home.

If taxpayers are looking to refinance or sell a home and there is a federal tax lien filed, there are options. Taxpayers or their representatives, such as their lenders, may request that the IRS make a tax lien secondary to the lien by the lending institution that is refinancing or restructuring a loan. Taxpayers or their representatives may request that the IRS discharge its claim if the home is being sold for less than the amount of the mortgage lien

under certain circumstances.

The process to request a discharge or a subordination of a tax lien takes approximately 30 days after the submission of the completed application, but the IRS will work to speed those requests in wake of the economic downturn.

"We don't want the IRS to be a barrier to people saving or selling their homes. We want to raise awareness of these lien options and to speed our decision-making process so people can refinance their mortgages or sell their homes," said Doug Shulman, IRS commissioner.

"We realize these are difficult

times for many Americans," Shulman said. "We will ensure we have the resources in place to resolve these issues quickly and homeowners can complete their transactions."

Filing a Notice of Federal Tax Lien is a formal process by which the government makes a legal claim to property as security or payment for a tax debt. It serves as a public notice to other creditors that the government has a claim on the property.

If you are faced with a federal lien on your property, please contact us at 713.568.2531 for support and information on the sale or refinancing of your home.

As the new year has now arrived, ensure your resolution provides an absolute level of resolve. No resolution is ever reached by chance. Plan, Plan, Plan to achieve what you desire and then and only then can you demand a rightful return.

## IRS Announces Standard Mileage Rates for 2009

Beginning on January 1, 2009, the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 55 cents per mile for business miles driven
- 24 cents per mile driven for medical or moving purpose
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving purposes are slightly lower than rates for the second half of 2008 that were raised by a special adjustment mid-year in response to a spike in gasoline prices. The rate for charitable purposes is set by law and is unchanged from 2008.

The business mileage rate was 50.5 cents in the first half of 2008 and 58.5 cents in the second half. The medical and moving rate was 19 cents in the first half and 27 cents in the second half.

The mileage rates for 2009 reflect generally higher transportation costs compared to a year ago, but the rates also factor in the recent reversal of rising gasoline prices. While gasoline is a significant factor in the mileage rate, other fixed and variable costs, such as depreciation, enter the calculation.

At **Billings & Martin, LLP**, we are committed to reducing your tax liability. To ensure that you are maximizing your mileage deduction, please contact a partner to discuss how the increase and decrease in the mileage rate affects your business.

## Widening of Tax Brackets and Benefits

For 2009, personal exemptions and standard deductions will rise and tax brackets will widen because of inflation adjustments.

By law, the dollar amounts for a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits, affecting virtually every taxpayer, are being adjusted for 2009. Key changes affecting 2009 returns, filed by most taxpayers in early 2010, include the following:

- The value of each personal and dependency exemption, available to most taxpayers, is \$3,650, up \$150 from 2008.
- The new standard deduction is \$11,400 for married couples filing a joint return (up \$500), \$5,700 for singles and married individuals filing separately (up \$250) and \$8,350 for heads of household (up \$350). Nearly two out of three taxpayers take the standard deduction, rather

than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.

- Tax-bracket thresholds increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket is \$67,900, up from \$65,100 in 2008.
- The maximum earned income tax credit for low and moderate income workers and working families with two or more children is \$5,028, up from \$4,824. The income limit for the credit for joint return filers with two or more children is \$43,415, up from \$41,646.
- The annual gift exclusion rises to \$13,000, up from \$12,000 in 2008.

## Business Tax Planning and Strategies

### Business Tax Planning

Many small business owners ignore tax planning, and don't even think about their taxes until they're scheduled to meet with their accountant; but tax planning is an ongoing process, and good tax advice is a very valuable commodity. **Billings & Martin, LLP** has guided clients into advantageous business and tax structures to maximize financial results. We review your income and expenses monthly, and ask that you meet with us quarterly to analyze how you can take full advantage of the provisions, credits and deductions that are legally available to you.

### Tax Planning Strategies

There are countless tax planning strategies available to a small business owner. Some are aimed at the owner's individual tax situation, and some at the business itself. But regardless of how simple or how complex a tax strategy is, it will be based on structuring the strategy to accomplish one or more of these often overlapping goals:

- Reducing the amount of taxable income
- Lowering your tax rate
- Controlling the time when the tax must be paid
- Claiming any available tax credits

### Avoiding the most common tax planning mistakes

Our professionals will meet with you and listen to the goals you have in place for your growing business and from those discussions, devise a feasible plan for exponential success. We will align our objections to ensure we define success from your business' perspective. In order to plan effectively, we will work with you to determine the financial projection of you and your business over the next few years. This is necessary because many tax planning strategies will save tax dollars at one income level, but will create a larger tax bill at other income levels. You will want to avoid having the "right" tax plan made "wrong" by erroneous income projections. Once we know what your approximate income will be, we can take the next step: estimating your tax bracket. As advisors for your growing business, **Billings & Martin, LLP** is here to meet the consultative and tax planning needs for your successful business.

**Billings & Martin, LLP**

*Your Advisors and Trusted Partners*

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*Billings & Martin, LLP is a full service CPA firm which provides a variety of services, including but not limited to: accounting, bookkeeping, tax preparation and planning, audit, review and payroll processing services.*

*Please contact a partner today to discuss your tax planning questions and concerns.*

[www.bmlp-cpa.com](http://www.bmlp-cpa.com)

**Trivia Question and Spotlight Businesses of the Month**

**Trivia Question**

The answer to the trivia question is in the newsletter. The first 25 people to respond with the correct answer will be entered into a drawing for a \$20.00 gift card to a local restaurant in your area. The drawing will take place on February 15, 2009.

The IRS increased the standard deduction for married couples filing jointly to what amount?

- A. 12400
- B. 11400
- C. 10900

Send answers to [info@bmlp-cpa.com](mailto:info@bmlp-cpa.com) or fax to 866.810.2990.

**Spotlight Businesses of the Month**

We'll spotlight our business clients in the newsletters to come. If you'd like to be featured, let us know!

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