



CWR Monthly

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Mid Filing Season Tax Tips

As the tax season heats up, several IRS tax tips are available for those who choose to file their tax returns in mid season. Some of these tax tips include:

1. **Make a previous year IRA contribution**

You have until April 15 to make an IRA contribution for the previous tax year. Currently, you can make a \$5,000 (\$6,000 if over age 50) to either a Traditional IRA or a ROTH IRA.

2. **First Time Home Buyers Tax Credit**

First time home buyers should begin planning now to take advantage of a new tax credit. Available, for a limited time, the credit:

- Applies to home purchase after April 8, 2008 and before July 1, 2009.
- Reduces the taxpayer's tax bill or increases his/her refund, dollar for dollar.
- Is fully refundable, meaning that the credit will be paid out to eligible taxpayers, even if they owe no tax or the credit is more than the tax that they owe.

The credit operates much like an interest-free loan because it must be repaid in equal installments over a 15 year period. Taxpayers will claim the credit on the new IRS Form 5405. First time home buyers and those that have not owned in the three years prior to a purchase will qualify.

If you make an eligible purchase in 2008, you can claim the first time home buyers credit on your 2008 return. If you make an eligible purchase in 2009, you can choose to claim the credit on your original or amended 2008 return or on your 2009 return.

The credit is 10% of the purchase price of the home with a maximum available credit of \$7,500 for either a single taxpayer or a married couple filing jointly. The limit is \$3,750 for married filing separate returns.

3. **No RMD required for 2009**

If you are over age 70 ½ and must take a Required Minimum Distribution (RMD) for your 401(k), 403(b), 457(b), or Traditional IRA, you will get a break in 2009. Congress and the President have temporarily waived the mandatory requirement to take RMD's in 2009 only. **(This does not apply to any distributions taken in 2008).** This move is to allow taxpayers the opportunity to recover some of the losses that they have experienced in their retirement portfolios due to the free-fall of the market in the current economic crisis.

4. File Now, Pay Later

With the advent of the IRS E-File system, you do not have to wait to file your tax return until you can pay any amount due. You can file your return as soon as you complete it and then wait to pay any tax liability due up until April 15. The advantage of doing this gives you an opportunity to discover any discrepancies in your tax return early enough to correct those discrepancies with little or no time pressure to get your return out.

5. Where's my refund?

Whether you have opted for direct deposit or asked the IRS to mail you a check, you can track your refund through the IRS's secure website at www.irs.gov. You can generally access information about your refund 72 hours after the IRS acknowledges receipt of your e-filed return or three to four weeks after mailing a paper return. Have a copy of your tax return handy. You will need to provide the following information from your return:

- Social Security Number (or Individual Taxpayer Identification Number)
- Filing Status (Single, Married Filing Jointly, Married Filing Separate Returns, Head of Household or Qualifying Widow)
- The exact whole dollar amount of your refund

Next month, we will look at some last minute things you can do to assist you in preparing your 2008 tax return.

Till Next Time,

Charles W. Register, EA, CPB
CWR Financial Services, LLC

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