

WE WANT YOUR BUSINESS

About the firm:

- With over 30 years of experience in a rural community, we understand the unique needs of the Agriculture community.
- We offer competitive fees and are a full service office, offering services in payroll, tax return preparation, succession planning, estate planning, and audit representation.
- We are staffed the complete year, with 2 professionals and 4 support personnel.
- We will earn your trust, keep your information secure and keep you informed throughout the year.

Special points of interest:

- Year-end tax planning 2008
- Economic Stimulus payment information request
- Increased standard deduction

Tax Planning Tips for 2008

As the end of the year approaches, it is a good time to think of planning moves that will help lower your tax bill this year and possibly the next. Factors that compound the challenge include the stock market swoon, the difficult economic climate we're in right now, and the strong possibility that there will be tax changes in the works next year. In fact, there might even be another economic stimulus package carrying tax changes enacted before the end of this year.

The good news we are certain of is that Congress has retroactively reinstated a number of tax breaks (such as the above-the-line deduction for higher education expenses), and has created new tax breaks that go into effect for the 2008 tax year (including a non-itemizers' deduction for state and local property taxes). For 2008, businesses enjoy tax breaks such as a beefed-up expensing option and a 50% bonus first-year depreciation write off for most machinery and equipment placed in service this year.

Here is a checklist of actions based on current tax rules that may help you save tax dollars if you act before year-end. Not all actions will apply in your particular situation, but you will likely benefit from many. Please review the following list and contact us at your earliest convenience so that we can advise you on which tax-saving moves to make:

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HAPPY HOLIDAY RECIPE

Night Before Christmas Coffee Cake

1/2 c. sugar
2 beaten eggs
1 pkg. yeast dissolved in 3 T. warm water
3 c. flour
1.2 tsp vanilla
1/4 c. butter
1/2 c. warm milk
1 tsp salt
1 tsp vanilla

TOPPING

2/3 c. sugar
4 T. melted butter or margarine
1/2 c. nuts
1 tsp cinnamon

DIRECTIONS:

On Christmas Eve, cream together sugar & butter. Then add eggs, milk, and yeast mixture, flour, salt, & vanilla. Beat all of these ingredients together. Then set dough aside & let rise, until double in size. (About 2 hrs). Then put in 9x13 grease pan and spread with topping; Combine sugar, cinnamon, melted butter and nuts. Now place in a cold oven & leave overnight to rise. On Christmas morning turn oven to 350 degrees & bake 30 minutes. Serve warm.



Our Mission:

To earn the respect of our clients by providing superior and timely service while maintaining the strictest confidentiality; thereby establishing loyal relationships founded on trust and dependability

- The Firm of David E. Gardner,

MINIMUM WAGE INCREASES AGAIN

January 1, 2009 the minimum wage will increase to \$6.90 for Montana employers, up from the current rate of \$6.55. There will be yet another increase effective July 24, 2009 when the rate will increase to \$7.25. For more information please give us a call.

Economic Stimulus Payment and Recovery Rebate Credit

Most taxpayers received an economic stimulus payment during 2008 based on the filing of their 2007 tax return. These payments are not taxable for federal income tax purposes, but will reduce the recovery rebate credit available on your 2008 tax return. We will need to know the amount of the economic stimulus payment you received to complete your 2008 tax return. This information can be found on Notice 1378 that should have been mailed to your home address during the summer. If you do not have Notice 1378, you can find the amount of your economic stimulus payment by going to the IRS website, at www.irs.gov. You will need to have the primary taxpayer's social security number, the 2007 filing status on your tax return and the total number of exemptions claimed on your 2007 tax return in order to obtain the information. For assistance in finding this amount please contact our office.



Replacement Period Extended For Involuntary Conversion of Livestock

For ranchers who sold livestock on account of drought in previous years and deferred those gains, with a replacement period in 2008, the replacement period has been extended for yet another year. Please contact our office for more information.

Consider making 2009 the year to get your finances in order. Contact our office for assistance with budgeting, retirement & succession planning.



Tax Planning Tips for 2008 (continued)

- You may be able to save taxes this year and next by applying a bunching strategy to "miscellaneous" itemized deductions, medical expenses and other itemized deductions.
- If you are thinking of making energy saving improvements to your home, such as putting in extra insulation or installing energy saving windows, postpone your move until 2009. A credit of up to \$500 may be available for such improvements if made next year.
- Businesses should consider making expenditures that qualify for up to \$250,000 business property expensing option for assets bought & placed in service next year. Businesses also should consider making expenditures that qualify for 50% bonus first year depreciation if bought and placed in service this year. This bonus write off generally won't be available next year.
- If you are self-employed and haven't done so yet, set up a self-employed retirement plan.
- You can save gift & estate taxes by making gifts sheltered by the annual gift tax exclusion before the end of the year. You can give \$12,000 in 2008 to an unlimited number of individuals but you can't carryover unused exclusions from one year to the next.
- If you are receiving Social Security benefits, there are a number of steps you can take to reduce or eliminate tax on your benefits.

These are just some of the year-end steps that can be taken to save taxes. Please contact our office so we can tailor a particular plan that will work best for you.

A LITTLE TAX HUMOR:

America is; the land of opportunity. Everybody can become a taxpayer.

People who squawk about their income tax can be divided into two classes; men and women.

A man admitted he lied on his income-tax return - he listed himself as; the head of household!

Work Opportunity Tax Credit Still Available

If you are anticipating hiring any new employees, the work opportunity tax credit is still available. It could be worth a \$2,400 savings to you. The employee group being targeted is anyone from 18 to under 40 years old, and must be a resident of Carter, Powder River, Rosebud, Dawson, Fallon, or Prairie County, and some North Dakota, South Dakota, and

Wyoming counties. A few other Montana counties also qualify. In order to be qualified for the credit, a form needs completed by you and the potential employee prior to start date of employment and needs mailed to the State of Montana for their approval. Some restrictions apply, but the credit is worth the hassle.

TAX TIME AGAIN

It's once again time to prepare your 1099s and W-2s. These forms need to be mailed to recipients by February 2nd. As you will recall, the IRS requires that 1099's be issued for services received in the course of your business, including attorney services, for contract labor, rent or lease payments, and interest paid (except to a banking institution). The minimum dollar amount is \$600 for contract labor, services, and rent or lease payments. Interest 1099's should be issued for any amount paid over \$10 and there is no minimum on attorney fees. Please do a quick check of your 2008 records to see if you have any expenditures that may apply. Please let us know of any reporting you require by January 15. If we haven't heard from you by that time we will assume you have none to prepare. Thanks in advance for your timely response to this request.

CHANGES IN DEPRECIATION AND SECTION 179 DEDUCTION

The maximum amount a taxpayer can elect to deduct for most Code Sec. 179 property placed in service in 2008 is \$250,000. This amount increases from the \$125,000 in 2007. The 50% special depreciation allowance for certain qualified property is also again available. Under this rule a taxpayer may be able to take a depreciation deduction equal to 50% of property basis in 2008. A new recovery period for certain machinery & equipment used in farming is also available. For more information on any of these rules please contact our office.



We appreciate you and look forward to working with you soon!!

WE WILL NEED TO KNOW:

- Amount of the Stimulus Payment you received
- Did you purchase or build a home in 2008?
- Did you pay real estate taxes in 2008?
- Your current mailing address
- Your bank account information for E-filing purposes (a voided check works best)
- If you qualify for the Earned Income Tax Credit we will need to ask you some additional questions.

E-File

A Quick, Easy, Smart way to get your taxes where you want them to be,

DONE!

Deduction for Real Estate Taxes Paid Not Just For Itemizers Anymore



New for 2008 is an increased standard deduction available to those who pay certain state or local real estate taxes. Your standard deduction could be increased up to \$500 (\$1,000 if married filing jointly) for real estate taxes paid during 2008. In the past you were able to deduct these expenses only if you itemized expenses on your tax return. If you pay real estate taxes please be sure to let us know of that expense. Please call or stop by if you have questions concerning this change.

Standard Mileage Rate Decreases for 2009

Beginning Jan. 1, 2009, the standard mileage rates for the use of an auto will be: 55 cents per mile for business miles driven and 24 cents per mile driven for medical or moving purposes. The new rates are slightly lower than the rates for July to December of 2008 that were raised by a special adjustment mid-

year in response to a spike in fuel prices. For January to June of 2008 the business mileage rate was 50.5 cents and was increased to 58.5 cents in July through December. The medical rate was 19 cents in first half of year and 27 cents in second half.

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THE NATIONAL DEBT: DID YOU KNOW?

National Debt as of
December 11, 2008 a.m.:

\$10,663,417,210,236.76

Of that amount:

\$2,368,300,150,000
is owed to the Social Security
trust fund

\$4,797,674,000,000
is owed to other trust funds

Estimated U.S. population
305,256,494

Each citizens share of the na-
tional debt totals:
\$34,932.65

U.S. debt to China
\$1,530,000,000



**How Do You
Keep Your Finan-
cial Records?**

ASK US ABOUT:

QUICKBOOKS

- The national debt is so large that the ticker in time square that records the current national debt, ran out of digits. It was set up only to go up to \$9,999,999,999,999. Once the debt increased above \$10 trillion dollars the \$ sign had to be replaced with the digit 1.
- The National debt has continued to increase an average of \$3.74 billion per day since September 28, 2007