



# Taxing Issues

Grandjean & Wagner, Inc.  
**G&W**  
Accounting and Tax Service

Accounting    Income Tax    Consulting    Payroll    Investments    Insurance

## 2008 Tax Savings Tips

Dear Clients and Friends,

As we near the end of an historic year, it is helpful to consider ways to save hard-earned dollars on taxes. Below are some tax-savings suggestions for the upcoming tax filing season.

**There is a new first-time homebuyers refundable credit of up to \$7,500.** The credit is only available for a limited time, and applies only to the purchase of a principal residence. In order to qualify you must buy the home after April 8, 2008, and before July 1, 2009 and meet a number of additional criteria. *In most cases the credit must be paid back interest-free over a 15-year period.* Be sure to speak with your tax adviser because the qualifying criteria and repayment rules are quite complex.

**A new one-time deduction is available for taxpayers who pay real estate taxes but do not itemize deductions in 2008.** The additional deduction is limited to the lesser of the amount you paid in real estate taxes, \$500 for single filers, or \$1,000 for joint filers.

**If you purchased and took possession of a hybrid vehicle in 2008, you may be eligible for a tax credit.** Tax credits are still available if you purchased certain hybrid vehicles, subject to the manufacturer, vehicle model, date you took possession, and income limitations. Be sure to speak with your tax adviser before purchasing a hybrid vehicle as a number of vehicles are no longer eligible for a credit.



**New York State offers a pension and annuity income exclusion for residents over age 59 1/2.** A deduction is allowed for the first \$20,000 of qualifying pension and annuity income received by the taxpayer. The limit is per taxpayer, so a couple filing jointly may exclude up to \$20,000 *each*.

**It's not too late to contribute to an IRA or ROTH IRA for 2008.** Taxpayers have until the tax filing deadline for the year, typically April 15th, to contribute. In other words, you can contribute to an IRA for 2008 as late as April 15, 2009. Be sure to do so before filing your taxes though, as any allowable deduction must be taken on the income tax return in order to realize tax savings.

### Welcome New Team Members!

Grandjean & Wagner, Inc. would like to welcome four new team members: Philippa Read, Accountant; Kim Predgen, CPA; Amy Carroll, CPA, and Shelly Skripnichuk, Assistant. They join us as part of a merger and will continue to service their existing clients. They bring with them a wealth of knowledge and many years of experience.

### Just a Heads Up...

Economic Stimulus payments received in 2008 must be reported on 2008 returns. Although the amount of the stimulus will not be considered taxable income, the IRS is requiring the amount be reported none-the-less. The IRS will mail a form to all taxpayers who received a payment indicating the amount that must be reported.

## CONTACT US

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**Happy  
Holidays!**

## ChoicePay Corner

- **Client Communications** — General communications will continue to be included with your payroll reports on brightly-colored paper. Watch for these notices as we will use them to communicate important updates and reminders.
- **Third-Party Sick Pay** — Be sure to notify ChoicePay of any third-party sick pay prior to the end of the year. Third-party sick pay is any amount paid to an employee by an insurer or similar firm in the event of an injury or illness resulting in the employee not being able to work.
- **1099s Due 1/31** — Employers who pay independent contractors for labor may have to provide them with 1099s. If so, 1099s must be provided by January 31. Please contact ChoicePay with the name, social security number or EIN, amount paid, classification, and address of any person or business entity you must issue a 1099 to.
- **Pre-Tax Health and Dental Insurance Premiums** — Health and dental insurance premiums are eligible for pre-tax treatment, creating potentially substantial savings for employers and employees. A written plan (usually established through a third-party administrator who charges a nominal one-time fee) is required to realize this savings.
- **Retirement Plan Contribution Limits** — Employer-sponsored retirement plan contribution limits are set to increase for 2009. See the chart below for annual limits.

## 2008/2009 Retirement Plan Contribution Limits

| Plan Type              | 2008  |                  |  | 2009  |                  |  |
|------------------------|---|------------------|--|---|------------------|--|
|                        | Contribution Limit                                | Age 50+ Catch-Up | Deadline to Establish                      | Contribution Limit                                | Age 50+ Catch-Up | Deadline to Establish                      |
| Traditional / Roth IRA | \$5,000   | \$1,000          | Tax filing deadline                        | \$5,000   | \$1,000          | Tax filing deadline                        |
| SIMPLE IRA             | \$10,500  | \$2,500          | 60 days before start of elective deferrals | \$11,500  | \$2,500          | 60 days before start of elective deferrals |
| SEP IRA                | Lesser of 25% includible compensation or \$46,000 | N/A              | Tax filing deadline plus extensions        | Lesser of 25% includible compensation or \$49,000 | N/A              | Tax filing deadline plus extensions        |
| 403(b)                 | \$15,500  | \$5,000          | Varies by plan type, please inquire        | \$16,500  | \$5,500          | Varies by plan type, please inquire        |
| 401(k)                 | \$15,500  | \$5,000          | Varies by plan type, please inquire        | \$16,500  | \$5,500          | Varies by plan type, please inquire        |