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CPAs & Business Advisors





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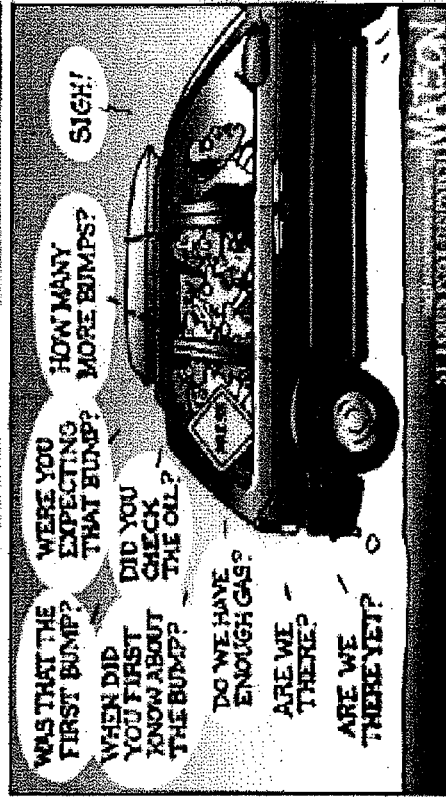
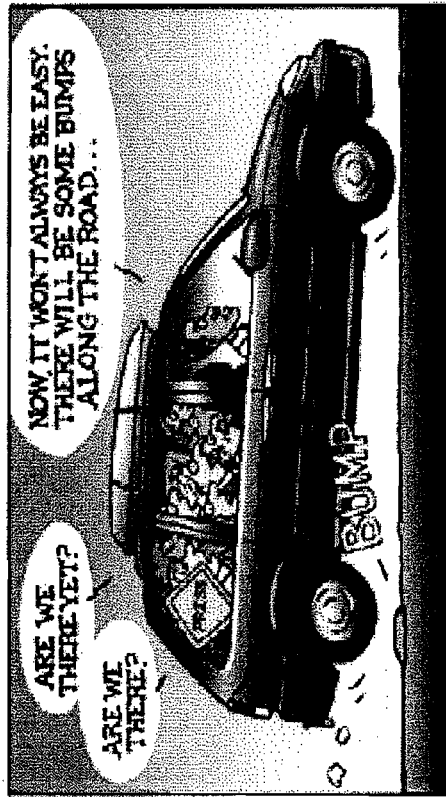
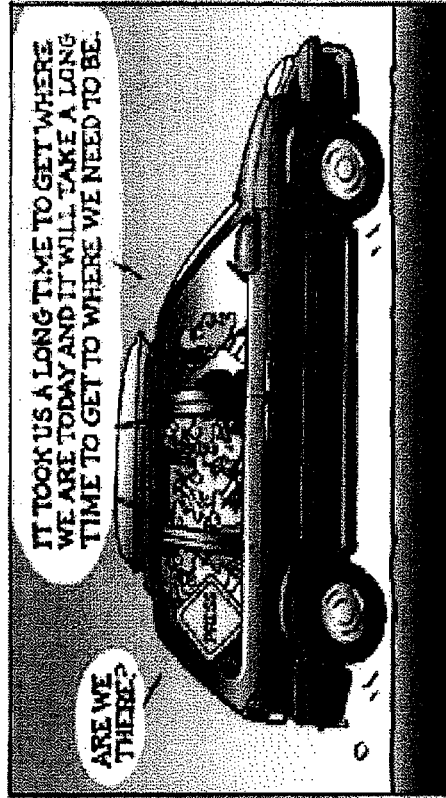
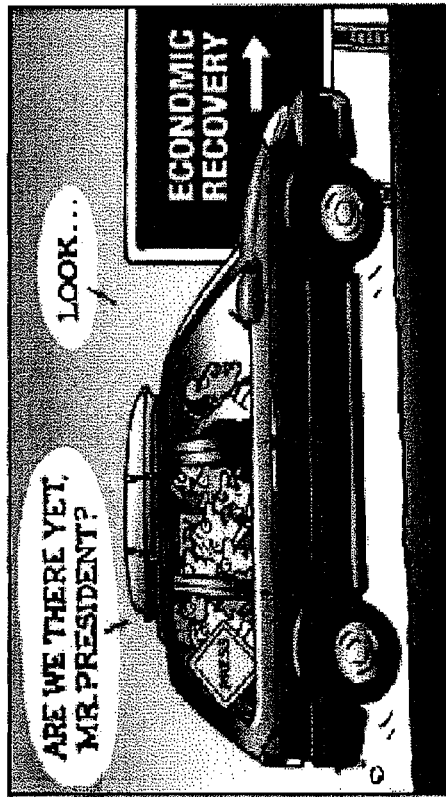
Recent Tax Developments

- American Recovery and Reinvestment Act of 2009
- Federal Budget
- Other Responses to Economic Situation



AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009





American Recovery and Reinvestment Act of 2009

INDIVIDUAL/FAMILY PROVISIONS

- “Making Work Pay” Tax Credit – Decreased Withholding
 - Income other than salary
 - Husband and wife both work
 - Dependents
 - Retirement income

- Economic Recovery Payment



American Recovery and Reinvestment Act of 2009

INDIVIDUAL/FAMILY PROVISIONS

- First-Time Home Buyer Credit
- Tax Break for New Car Purchases
- Revised Education Tax Credit



American Recovery and Reinvestment Act of 2009

INDIVIDUAL/FAMILY PROVISIONS

- Computers For Education
- Other Miscellaneous Provisions
 - Earned Income Credit
 - Child Care Credit
 - Federal Unemployment Benefits
 - Alternative Minimum Tax



American Recovery and Reinvestment Act of 2009

BUSINESS PROVISIONS

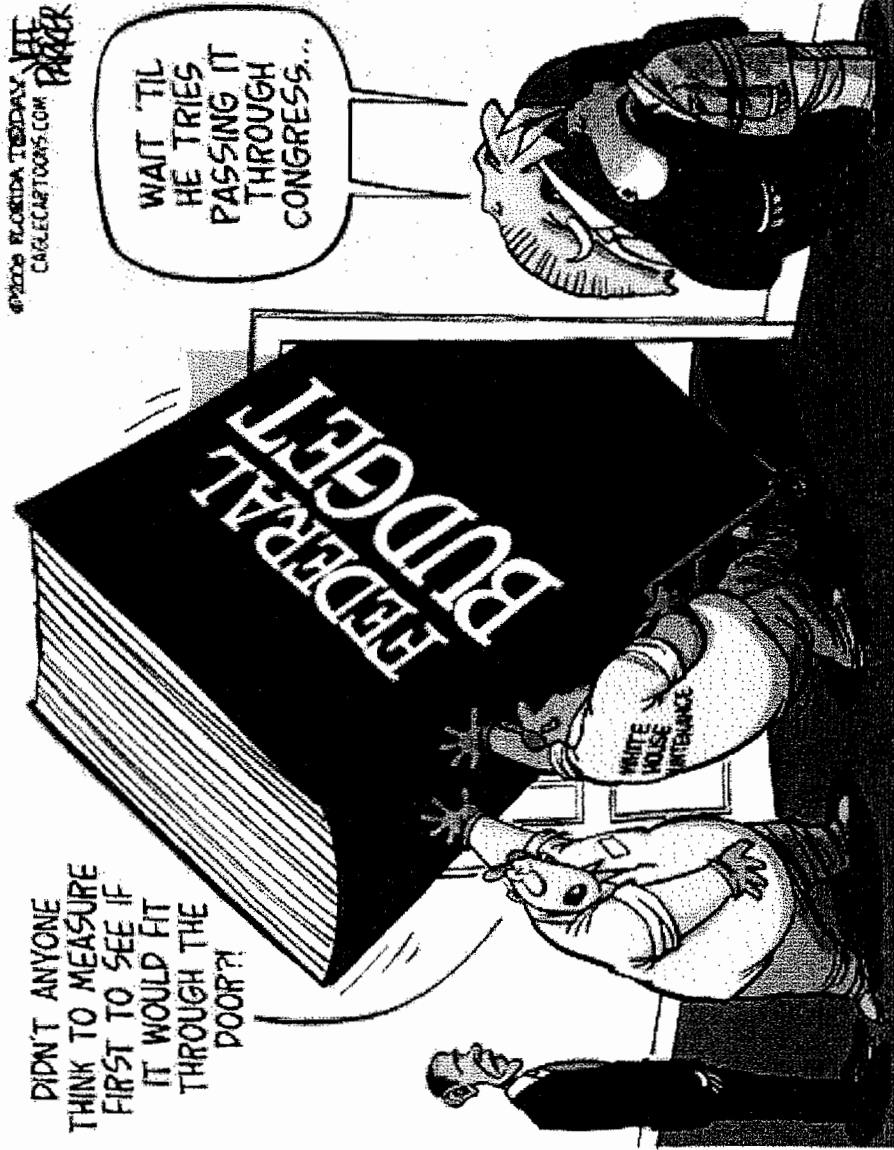
- Bonus Depreciation
- Expensing of Capital Costs
- Net Operating Loss Carrybacks
- Work Opportunity Tax Credit



FEDERAL BUDGET



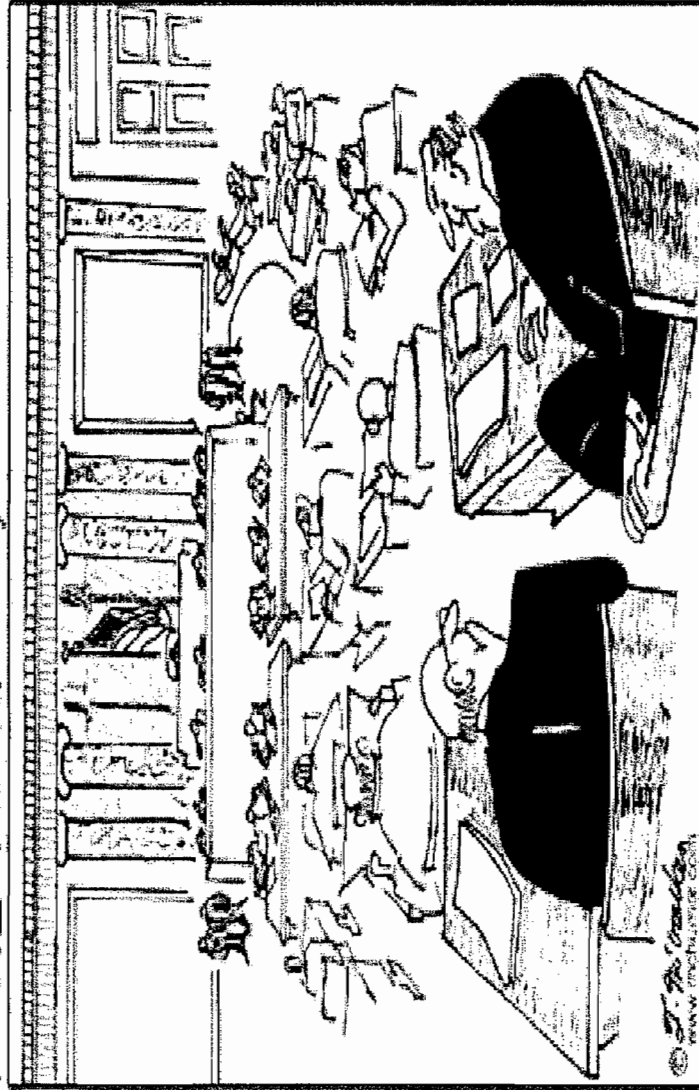
PROPOSED FEDERAL BUDGET





PROPOSED FEDERAL BUDGET

MCHUMOR.COM by T. McCracken



"Now that we've agreed on the loopholes,
what should the tax laws be?"



Federal Budget

- Tentative FY2010 Budget
 - Extension of middle class tax cuts - \$512 billion
 - Alternative minimum tax relief for three years - \$214 billion
 - Estate tax reform - \$72 billion
 - 2009 exemption levels made permanent
 - Unused exemption available for surviving spouse
 - Two years of tax extenders and other tax cuts - \$63 billion
 - Loophole closures - \$97 billion
 - Extend “Making Work Pay” Credit beyond 2010 - \$7 billion



Federal Budget

- President's Budget Proposals
 - Permanent Expansion of Net Operating Loss Carryback
 - Eliminate Capital Gains Taxation on Small Business
 - Repeal LIFO inventory accounting
 - Repeal certain oil and gas tax breaks
 - Add 36% and 39.6% tax rates
 - Phase-out personal exemptions and limit on itemized deductions
 - 20% tax rate on capital gains and dividends
 - Automatic enrollment in IRAs and 401(k)s



Other Responses to Economic Situation



Other Responses to Economic Situation

- “Ponzi” Schemes
 - Requirements
 - Specified fraudulent arrangement
 - Lead figure charged with fraud, embezzlement, etc.
 - Invested assets directly in the arrangement
 - Theft loss rather than capital loss
 - Loss on a transaction entered into for profit
 - Not subject to the personal loss limitation of \$100 per event
 - Not subject to limitation on itemized deductions
 - Statement required with return





Other Responses to Economic Situation

- Economic Recovery Advisory Board
 - Chair – Paul Volcker, former Federal Reserve Board Chairman
 - Task Force – Overhaul and simplify the current tax system
 - Tax simplification
 - Closing tax loopholes
 - “Corporate welfare”
- Recommendations due to the President by December 4, 2009



Other Responses to Economic Situation

- Mark-to-Market Accounting
- Active Markets and Distressed Transactions
- Other-Than-Temporary Impairment
- Quarterly Disclosure of Fair Value

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Death & Taxes

\$12,902 is what YOU WILL PAY
in federal cigarette taxes
if you smoke a pack
a day for 35 years.*

(*Based on \$9.15 per pack)

\$112,575 is what YOU WON'T PAY
in federal income and
social security taxes
if you die of lung cancer
15 years before you are
old enough to retire!*

(*1988 average life expectancy)

**Come to
where the
savings
are!**



WATSON

50, 10 & 15 PINE BUSH
100% TOBACCO

