

# Silver Creek Financial Services

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Dear Clients,

Tax season is almost upon us and we are looking forward to working with you once again. As you know congress has been busy with lots of stimulus-driven tax changes, and we've highlighted the major ones in this newsletter.

Our team this year will once again be Shannon "Cissy" Shelton, Melissa Wight, Stanlynn Daugherty, and myself. Lisa Mathias, who many of you met last year at the front desk, is now our newest tax preparer. We are pleased to welcome Angie Horton as our new team member. Angie will be making appointments and greeting you at the front desk. And of course we are delighted that Tracy Frei will continue to provide excellent service for all our tax and accounting clients as she has for over twelve years.

We are enclosing an update form with this letter. Please help us ensure your information is correct by filling it out and returning it to us.

Our expanded tax season hours begin on Monday, January 25, 2010. We will be open Monday through Friday, 8:00am to 6:00pm, and Saturday 10:00am to 4:00pm. We do close from 12 noon to 1:00 for a lunch break. If possible, please make an appointment by calling our front office staff at (541) 569-2272. This ensures one of us will be available to meet with you, thus giving you the best possible service.

Cathy & Crew

## Oregon Legislation Issues and Filing Delays

Two measures will be put before the voters in Oregon on January 26, 2010. The results of this election will determine several items:

- (1) If there will be changes in the tax rates for Oregon taxpayers in the upper tax bracket (taxable income over \$125,000 single/ \$250,000 married filing jointly,
- (2) If fees will be increased to file corporate and partnership tax returns and for Oregon business renewals,
- (3) Whether Oregon state will follow the federal exclusion of up to \$2,400 in unemployment compensation, and
- (4) If the federal tax subtraction will be phased out for higher income taxpayers.

Due to the date of this ballot measure election, the Oregon Department of Revenue will not be accepting tax returns until the results of the election are known. We will begin e-filing federal on January 15, 2010, and will have a special process in place to deal with the associated Oregon returns for those clients filing prior to the election.

A result of Oregon legislation passed this year is that the federal special bonus depreciation which applies to new business assets placed in service in 2009 will not be carried to the Oregon tax return. We will be happy to help business owners look for ways to use other comparable depreciation if possible to work with this disparity.

## Federal Standard Deduction Changes

For 2009 the federal standard deduction may include additional items that are usually claimed only by those who itemize. These items are real estate taxes paid up to \$500 for single filers, \$1000 for married joint filers and the sales tax (or license and registration if you live in Oregon) on the purchase of a new automobile, light truck, motor home, or motorcycle.

2009 Base Standard Deduction	If over 65 or blind add
Single/Married Filing Separately - \$5,700	\$1,400
Married Filing Jointly - \$11,400	\$1,100
Head of Household - \$8,350	\$1,400

## Navigating the maze of economic payments and credits

Stimulus legislation provided for a number of payments, credits and incentives to taxpayers this past year. If you received an economic recovery payment from the Social Security or Veterans Administration (\$250, not taxable) please let us know.

Working taxpayers and certain retired government employees who do not receive Social Security income may be eligible for the Making Work Pay and Government Retiree Credit. You must file a tax return to claim these credits.

**If you received a “Cash for Clunkers” credit on the purchase of a new vehicle you’ll be happy to know** that this is not taxable, but it will reduce the basis of that vehicle when you trade it in or sell it, so keep your clunker payment information on file.

## Energy Credits

For 2009 and 2010 an individual may claim a credit for 30% of the cost (subject to a total credit limit of \$1,500) of the following products on an existing home:

- Energy-efficient exterior windows, doors, skylights, storm doors
- Energy-efficient heating and air conditioning systems
- Insulation (including insulated cellular blinds)
- Water heaters (natural gas, propane or oil)
- Insulated roofs (metal and asphalt)
- Biomass stoves

**In many cases an “Energy Star” label should qualify** the product for the credit, however windows and skylights purchased after June 1, 2009, need the **manufacturer’s certification**.

Solar and geothermal heat-pump property may also qualify for the credit.

Details on the credit may be found online at:

[http://www.energystar.gov/index.cfm?c=tax\\_credits.tx\\_index](http://www.energystar.gov/index.cfm?c=tax_credits.tx_index)

**Please don’t hesitate to contact us if you have questions** about a specific aspect of these credits.

## Homebuyers Credits

**First-Time Homebuyer Credit** If you had not previously owned a home for three years prior to purchasing one in 2009 you may qualify for a tax credit of up to \$8,000.

The credit applies to principal residence purchases prior to May 1, 2010, with a special provision for binding contracts made prior to that date and that close prior to June 30, 2010.

**Long-Time Homebuyer Credit** If you purchased a principal residence after November 6, 2009, and had previously owned and lived in the same principal residence for five consecutive years out of the past eight years, you may qualify for a tax credit of up to \$6,500.

These credits may have to be repaid if the home is no longer the primary residence within the first three years of ownership.

Of course there are lots of other rules tied to both of these credits, so be sure to provide copies of your real estate closing statements with your other tax documents that you bring to us. Also, we recommend that you keep documents to verify your other qualifications for the credit (past closing statements, utility bills, tax returns, etc.) should the IRS request them.

The credit applies to principal residence purchases prior to May 1, 2010, with a special provision for binding contracts made prior to that date and which close by June 30, 2010.

## Education Credits

If you, your spouse, or a dependent are a full-time **student attending college you’ll be happy to hear** about the new American Opportunity Credit that is available in tax years 2009 and 2010. This new credit has expanded benefits from what was formerly the Hope Credit to include four years of post-secondary education. Tuition, fees, and course-required books are the expenses that may qualify for this credit.

## IRA Contribution information for 2009

The maximum total contribution a taxpayer may place in Traditional and Roth IRAs is \$5,000. For taxpayers who are age 50 or older, the maximum is \$6,000. You may make contributions to your IRA no later than April 15, 2010 for tax year 2009.

## Charitable Contributions

Contributions to a recognized charitable organization require a written receipt from the charity or a bank record of the donation. No deduction is allowed for contributions of clothing or household items unless the property is in good condition or better. Raffle tickets are not deductible, and if you receive goods or services in exchange for a contribution, the total amount of that contribution must be reduced by the fair market value of the item you received.

## Special Situations

Several other new rules are going into effect for tax year 2009. In the event that any of the following situations may apply to you, please let us know when you come in for your appointment or when you send us your tax documents:

- If you had cancellation or restructuring of debt or a mortgage foreclosure
- If you claim a dependent child that did not live with you
- If you sold your personal residence

Here is a short list of things you should mail or bring in *if* you have received them:

- W-2s from employers
- 1099s for interest, dividends, sales of stock, unemployment, state tax refunds, miscellaneous income or cancellation of debt
- 1098 for mortgage interest or 1098-T tuition statement with a student account printout from the college
- K-1s from Partnerships, S corporations, Estates or Trusts
- Property tax statements
- Closing documents from any real estate transactions
- Brokerage statements *Please note:* if you sold any stocks in 2009 we will need the date of purchase and original price paid for each stock.
- Any correspondence received from the IRS or from state taxing agencies

## Mileage Deduction Information

If you intend to claim mileage deductions for business, medical or charitable expenses please use the form included with this letter.

For 2009 the mileage rates are 55 cents/mile for business, 24 cents/mile for medical or moving, and 14 cents/mile for charitable.

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*Coming Soon! Visit Silver Creek Financial Services on the web at  
[www.silvercreekteam.com](http://www.silvercreekteam.com)*

***where you'll find links to useful forms and web sites, as well as information on our various services and office hours.***

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### Required Tax Advice Disclosure

Not for penalty protection: As required by United States Treasury Regulations (Circular 230), you should be aware that this communication is not intended to be used, and it cannot be used, for the purpose of avoiding penalties under United States federal tax laws.

The information in this newsletter is general in nature and is not intended as legal, tax or investment advice. It should not be used in any actual transaction without the advice and guidance of a professional tax advisor who is familiar with all the relevant facts.