



RASCAL'S CORNER



GREETER & SECURITY CHIEF

I want you to meet my friends, Dudley and Sophia, the other four-legged members of the firm.

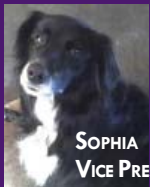


**DUDLEY
CHIEF TROUBLE MAKER**

Dudley's the dude! I can't believe he's going to be 6 years old.

He's a yellow lab and lives with Victor Dozzi.

The beautiful Sophia is a border collie and is 5 years old. She lives with Barb Wagner.



**SOPHIA
VICE PRESIDENT, SNIFFERY**

Both pups have jobs here at CE, too and also enjoy our visitors — especially those who bring TREATS!

Like me, they don't work a full-time schedule, so we're not all in the office at the same time.

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Magazine Puts CrawfordEllenbogen in Top 25 One of the 2008 Best Woman-Owned Businesses Nationwide

Working Mother magazine features CrawfordEllenbogen in its April Issue, telling its three million readers the firm is a model of an outstanding, creative and supportive company. The magazine measured companies on their family-friendly benefits, entrepreneurial and community spirit, and programs to help women advance. The article features a profile of CrawfordEllenbogen and highlights some of its best practices as chosen by the editors of *Working Mother*.

"...proved to be among the very best."

In the words of Editor-In-Chief Suzanne Riss, "...you were selected from a highly competitive pool of candidates, and proved to be among the very best."

The article features an interview with manager Adina Herrmann, CPA. Adina discusses several of the features that make CrawfordEllenbogen an exceptional environment for working mothers.

Visit www.workingmother.com to read the full article.

Economic Stimulus Act of 2008

The *Economic Stimulus Act of 2008*, which passed February 7, 2008, includes numerous tax provisions. This issue of *Tax Bytes* highlights three pertinent provisions.

How Tax Rebates Work

Under the *Economic Stimulus Act of 2008*, many working people will get \$600 if they are single or \$1,200 if they file a joint return, assuming they paid at least that much in federal income tax in 2007.

Anyone who receives a rebate of any size will obtain an additional \$300 for each child eligible for the child tax credit in 2008. To qualify, the child must be younger than 17 on December 31, 2008.

The rebates (including the \$300 rebate for kids) begin to be phased out when adjusted gross income hits \$75,000 (single) or \$150,000 (married). Adjusted gross income includes income from all sources, but before most deductions and exemptions have been subtracted. The rebate is reduced by \$50 for every \$1,000 earned above the income limit. The point at which the rebate is phased out entirely depends upon the size of your family. Single filers with more than \$87,000 in gross income and couples with more than \$174,000 receive no rebate if they have no children. Those with children can earn a bit more before losing their rebate. A married couple with two kids, for example, receives no rebate when their income exceeds \$186,000.

Rebates will not be sent to non-resident aliens (you must have a Social Security number to get any rebate), estates, trusts or people who are or could be claimed as a dependent on someone else's tax return. That means most high school and many college students won't be eligible to receive a rebate even if they earn more than \$3,000 or pay taxes.

The Internal Revenue Service (IRS) will start issuing rebates, via check or possibly direct deposit, in early May. The rebates represent a 2008 tax cut, but instead of getting the tax cut when you file your 2008 return, you will receive it in a separate check this year. The IRS, however, will use your 2007 tax return to determine who gets a rebate and how much.

If it turns out that you would have received a larger tax rebate based on your actual 2008 tax return, the IRS will issue a check for the additional amount.

Most rebates will be out by the summer, but if you don't file your 2007 tax return until the extended October 15 deadline, you won't receive your rebate until year-end.

Economic Stimulus Act of 2008, continued

Business Incentives

The most significant business incentives provided by the new act are the increase in §179 deductions and certain kinds of bonus depreciation.

The new law raises the amount deductible under §179 for 2008 to \$250,000 and increases the threshold for reducing the deduction to \$800,000. The maximum deduction under prior law was \$128,000, with the threshold amount set at \$510,000.

Foreclosure Help & Extension of Deductions

The *Mortgage Forgiveness and Debt Relief Act of 2007* provided for mortgage debt and forgiveness on a principal residence of up to \$2 million (\$1 million for married taxpayers filing separately). In addition, the deductibility of mortgage insurance premiums, originally only available for the 2007 tax year, was extended through 2010. Finally, surviving spouses are now allowed to exclude \$500,000 from the sale of a primary residence. The previous amount was \$250,000, the same as for single filers. The increased amount is now the same as that available for married taxpayers filing

jointly. Following in the footsteps of the 2007 act, the Economic Stimulus Act of 2008 has increased the maximum amounts that various government agencies may give to homebuyers. Maximum amounts of principal for mortgages issued by Fannie Mae and Freddie Mac are 175% the amount prior to the new legislation. In addition, amounts allowed for mortgages issued by the Federal Housing Administration have also been increased to 175% of pre-legislation levels for residences. ☞

The nearly doubled deduction is a strong incentive for businesses to make capital expenditures in 2008. ☞

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PA Abandoned & Unclaimed Property

All Companies Must File

Did you know that under the requirements of the *PA Abandoned and Unclaimed Property Act*, any financial asset that has been left with a "holder," such as a bank, insurance company or other business or organization, without activity for a certain period of time must file an unclaimed property report with the PA Treasury Department?

The Treasury's website, www.patreasury.org, provides reporting instructions, forms, and a free link to the electronic reporting software.

We would be happy to answer your questions and assist you in filing the required forms. ☞

Meet Kristof Ketzan, MBA, JD, MST

New Associate at CE

Even if you don't plan to talk with him in French, Hungarian, Polish, Czech or Russian — all of which he speaks — Kris has plenty of additional skills to offer. Beyond a bachelor's degree from Allegheny College and a master's degree in taxation, an MBA and a law degree all from Duquesne University, Kris has a wealth of education and experience — especially experience with tax matters.

Since joining CrawfordEllenbogen as an intern in January 2007, he has provided tax research and compliance services, including preparation of business and personal tax returns and financial statements for clients. His prior work for a law firm on behalf of small businesses, estates and guardianships adds to his range of knowledge, and

the matters that he can address.

Kris is also the author of a paper on transfer pricing of intangible assets.

If you'd like to call Kris and ask, "Do you have any good tax planning ideas?," here's how you can ask in several of the languages he speaks:

FRENCH *Est-ce que vous avez des bonnes idées à propos le planning fiscal?*

HUNGARIAN *Van valamilyen jó ötletei az adótanácsról?*

POLISH *Ma pan jakis pomysl o podatkowej poradzie?*

CZECH *Máte nějaký nápad o danovej poradě?* ☞

CrawfordEllenbogen E-Newsletter

CrawfordEllenbogen e-mails periodic briefings on a variety of tax planning issues to clients and others. If you are not already receiving our e-mails, please send your e-mail address to our Marketing Director, Greta Kelly, at: gkelly@ce-cpa.com. ☞

IRS Audits Set to Rise

IRS audits are expected to reach a ten-year high in 2008, with high-income and self-employed individuals being at especially high risk. Audits of passthrough entities such as partnerships and S-corporations are also set to rise. ☞

Capital Gain & Dividend Tax Rates May Never Be Lower

Provisions in the Internal Revenue Code setting the maximum tax rate on long-term capital gains and qualified dividends at 15% are set to expire at the end of 2010. Whether these provisions will be renewed or superseded by other legislation is uncertain, but tax rates on these types of investments may never be lower. Please contact us if you want to take advantage of these rates while you still can. ☞



If you have any questions about the articles in this newsletter or other tax or accounting matters, please contact us.

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