



Tax Preparation, Accounting, Payroll, Business Consulting and Financial Services

January 2009
Volume 7, Issue 1

Inside This Issue:

- Financial Planning
- Tax Law Changes for 2008
- JMU locations
- Our staff
- Send a Friend, get \$20
- Send a Business, Get \$100
- Come Prepared
- JMU Franchises

CHECK YOUR STATUS:

GO TO THE
JMU WEBSITE
WWW.JMUTAX.COM

Click on [refund status](#)
and follow the
prompts at the links

FAST REFUNDS:

**If you need your
refund faster, we
provide RALS and
Electronic Filing.**

COME PREPARED:

Please bring
SOCIAL SECURITY
CARDS for
everyone on your
tax return.
See page 3
for a complete list.

"Give, and it shall be given to you. Good measure pressed down, shaken together, running over, will they pour into the fold of your garment. For the measure you measure with will be measured back to you." Luke 6:38

What Should You Be Doing with Your Money in this Economy? By Mickey Sood

So many people are calling us and asking us what they should do with their money now. It's interesting that when bad times hit, people pick up the phone and ask "What do we do now?" My question to them is always, "Where were you during the good times?" No one seems to need financial advice when the market is going up 20% or more per year, but the second the market drops, the phone begins to ring. As your accountants, we are committed to providing sound financial advice to you throughout the year during good times and bad times. For this reason, JMU has launched a financial planning division. The advantages of using a financial advisor are they are trained professionals who have the experience of market swings and past crises to help them navigate through any current storm.

Remember the oil crisis of the 70's, the mega inflation of the 80's, the crash of 87, the recessions of the 90's, the stock market bubble and collapse beginning in 2000, the Asian Flu, the real estate bubble and collapse, etc. etc. A good financial advisor has the benefit of studying the market during the past and can provide valuable insight as to what to do and what not to do. Although no one can

what to do and what not to do. Although no one can predict the future, history does tend to repeat itself. What happened during the last recession? Which companies profited? Which went belly up and why? By meeting with a financial advisor and having them develop your own customized plan, you can navigate through this crisis and maybe even profit from this opportunity.

The economic slowdown is likely to continue for several more months, but history shows that our economy is resilient. In the meantime, there are a few things you can do:

- Review your financial plan. If you do not have one, GET ONE!
- Stay within your budget.
- Employ an asset allocation strategy and adjust your mix of stocks, bonds and cash to meet your situation.
- Ensure that you are dollar-cost averaging. If you are contributing to a

retirement plan, you are already doing this.

- Ensure that you are diversified.
- Ensure that your bank accounts are insured by the FDIC.
- Don't watch the stock market on a daily basis.

History proves that those who stay the course during difficult times will be rewarded. While past performance does not guarantee future results, one hundred percent of 10-year stock market periods have made money¹ even though each 10-year period saw some years of highs and lows.

At JMU Tax & Financial Services, we are not only committed to helping you reduce your taxes, but also to helping you achieve your financial goals and improving your overall financial health, especially during these tough economic times. If you'd like to review your financial goals or you'd like to talk through what is happening, set up an appointment with our financial advisor. Call our financial planning division [\(703\) 473-0143](tel:7034730143).

**Send a Friend
Get \$20**

**Send a
Business
Get \$100**

Refer your family & friends to JMU Tax.

We will give you \$20 for each new tax client. We will give you \$100 for referred friends who pay for new accounting services.

Office Locations

Annandale Office
4532-B John Marr Dr.
Annandale, VA 22003
703-333-3005

DC Office
1933 18th St. NW
Suite C-1
Washington, DC 20009
202-328-2385

Centreville Rd. Office
7233 Centreville Rd.
Manassas, VA 20111
703-368-6194

Manassas Office
10754-B Ambassador Dr.
Manassas, VA 20109
703-365-9384

Herndon Office
171 Elden Street
Suite 110
Herndon, VA 20170
703-464-7793

Gainesville Office
7330 Heritage Vlg Plaza
Suite 202
Gainesville, VA 20151
571-261-9599

**Office Hours
(Starting Jan 15th)**

**Mon-Fri: 9am - 8pm
Saturday: 10am - 6pm**

➤ **Economic Stimulus Payments** are not taxable income. If you did not get it last year, you might be able to receive it this tax year.

➤ **First-time Homebuyer Credit** of \$7,500 for homes purchased between April 8, 2008 and June 30, 2009. 15 years to pay back.

➤ **Child tax credit** continues to be **\$1000** per dependent child under age 17 for up to 3 children per return until year 2010.

➤ **Increased standard deductions:** **\$10,900** - Married Filing Jointly, **\$5,450** for Single, **\$8,000** for Head of Household.

➤ **Standard deduction** for individuals who may be claimed as dependents by another taxpayer is the greater of \$900 or the sum of \$300 and the individual's earned income.

➤ **Standard deduction for Real Estate property taxes** for those who do not itemize; maximum \$500 for single and \$1,000 for married.

➤ **Alternative Minimum Tax** exemption increased to \$69,950 married and \$46,200 single.

➤ **Dependent Care Expense** deduction continues at up to **\$3,000** for one child and up to **\$6,000** for two or more children. Some taxpayers may benefit more from a pretax \$5000 FSA

dependent care benefit. Ask us for details.

➤ **The contribution limit for Traditional and Roth IRAs** is \$5,000 for qualified taxpayers, but for taxpayers over 50 it's \$6,000 in 2008.

➤ IRA deduction expanded **\$5,000** per individual (if over 50 **\$6,000**) if AGI qualified income is \$63,000 single or \$105,000 married.

➤ **The percentage of health insurance premiums** that may be deducted by self-employed taxpayers is 100%.

➤ The limit for **401(k) contributions** remains at **\$15,500**, plus a catch-up of **\$5,000** for those over 50 for 2008.

➤ **The limit for SIMPLE Plans** is **\$10,500 plus \$2,500** catch-up for taxpayers over 50.

➤ **Tax on qualified dividends and Net Capital Gain** reduced to zero for some taxpayers.

➤ **Section 179 Expense limit** for new equipment purchased for a business increased to \$250,000 for 2008 with a phase-out threshold of \$800,000.

➤ **Residential Energy Tax Credits** Individual Taxpayers can claim up to \$500 for installing (new purchases or improvements) solar panels, solar water heaters and fuel cell property.

➤ **Charitable Contributions** You cannot deduct a cash contribution regardless of the amount, unless you keep a statement with date and

name of charity.

➤ **Education Credits** – Taxpayers can take up to \$1,200 Hope Credit for post-secondary education and 20% of up to \$10,000 of qualifying expenses as Lifetime Learning Credit.

➤ **Health Savings Account (HSA)** – HSA Contributions are deductible before arriving to AGI. The maximum annual HSA contribution (for 2008) is generally the lower of (1) the amount of the deductible on the high-deductible health plan maintained in conjunction with the HSA or (2) an estimated IRS limit of \$2,900 for individuals or \$ 5,800 for families. The IRS limits are adjusted annually for inflation.

➤ **Under the Kiddie Tax Law** the child age limit remains at 18 or 24 for full-time students who do not work and have investment income (dividends, interest, and capital gains.) Kids' unearned income will be taxed at the child's rate over \$900 and at the parent's rate over \$1800.

➤ **Standard mileage for 2008 was 50.5 for January to June and 58.5 for July to December.** Please have mileage for each period.

➤ **Earned Income Credit wage amounts increased.** See your tax advisor.

➤ **Foreign earned income** increased to \$87,600 for 2008.

Annandale Office

Mickey Sood –Co-founder of JMU and an Enrolled Agent with the IRS. He will be seeing clients in Annandale on Thursdays.

Richard Smith – Tax accountant with JMU for the past 15 years. He does business consulting and conducts tax preparation courses. Richard has over 40 years experience doing taxes and is an Enrolled Agent with the IRS. He is also a notary public.

Nausheen Shahid – Tax accountant and payroll coordinator in her 5th year at JMU. She speaks English, Urdu, Hindi, and Punjabi.

Nammal Faryad – Receptionist and payroll assistant. She speaks Urdu, Hindi and English.

Roy Reynolds – Tax accountant and bookkeeper in his 4th year at JMU. He speaks Spanish and English.

Manassas Office

Zahid Mahmood – Tax accountant and franchise owner of the Manassas office starting his 5th year with JMU. He has a BS in Information Systems and speaks English, Urdu, Hindi, and Punjabi.

Jessica Flores – Bilingual Spanish-English tax accountant and payroll specialist. She has been with JMU for 9 years.

Tasneem Baluch – Receptionist, payroll assistant and bookkeeper at JMU. She speaks English, Urdu, Hindi, and Punjabi.

Centreville Office

Donnita Whittier – Tax accountant in her 8th year at JMU. She is an Enrolled Agent with the IRS and a notary public. She speaks Spanish, Russian, French and

English. She is available Mondays, Wednesdays and Saturdays in this office.

Prashant Goel – Tax accountant and franchise owner of the Centreville branch is in his 5th year with JMU. He has a bachelor's degree in accounting and is working towards his CPA.

Herndon Office

Mickey Sood –Co-founder of JMU Tax & Financial Services and an Enrolled Agent with the IRS. He has over 24 years experience doing taxes, accounting and providing financial services. He will be seeing clients in Herndon on Tuesdays, Fridays and Saturdays.

Bhavna Malik – Tax Accountant and payroll assistant in her 3rd year with JMU. She has an MBA and speaks English, Urdu, Hindi, and Punjabi.

Pamela Sams – Financial Advisor for JMU. She provides clients with financial services which include comprehensive financial planning, investment strategies, life, disability and health insurances, as well as banking services. She is located in the Herndon Office and can meet clients in any JMU office.

DC Office

Shafin Hossain – Tax accountant in his 4th year at JMU. He has a BS degree in business and pursuing masters in MIS. He speaks Bengali and English.

Naser Hossain – Tax accountant and Franchise Owner of the DC office. He graduated from University of Buffalo, NY and speaks English, Urdu, Bengali, Hindi, Bahasa Malay, French and Spanish. He has 5 years of management experience in the financial field. He recently passed the EA exam with IRS.

Gainesville Office

Mickey Sood- Wednesdays.

Donnita Whittier- Tuesdays, Thursdays and Fridays.

Pamela Sams- Wednesdays.

Network Manager
(Work at all locations)

Muhammad Tayyab – JMU's network manager since 2003. He has a master's in computer science and speaks Urdu and English.

Come Prepared

Bring all your tax documents.

- W-2's
- 1099's
- 1098's for mortgage interest and bank interest
- Records for real estate taxes and personal property taxes
- Charitable donation receipts and/or letters
- Settlement sheets if you have purchased or refinanced real estate
- Investment portfolio summaries and original purchase price of stock transactions
- The last pay stub of the year is also very useful
- Make sure to bring correct names, dates of birth, and Social Security or Tax ID numbers for yourself, spouse, and all dependents
- Picture ID
- Social Security cards or ITIN numbers
- Checking account number and routing number for direct deposit of refunds
- Please give your email and all home, work and cell phone numbers at the time of service

**Convenient
payment
options:**

We accept Visa, MC, Debit cards, checks and cash.

Please make all checks payable to JMU TAX. If you pay by cash, please get a receipt. If you want to pay the JMU fees from your tax refund, please let us know.

Tax Moves in a Tough Economy – By Mickey Sood

What are some good tax moves you may want to make in this economy?

I always tell my clients that tough times won't last forever, but smart people can take advantage of this opportunity and even learn to profit from it. The fact is that today's tax rates are some of the lowest in history. – Yes, you heard me correctly, lowest !!! Everyone likes to complain about our tax rates, but the reality is the USA has some of the lowest taxes in the free world. Almost every country in Europe, Japan and even most of Asia has higher taxes than the USA. Our rates start at just 10% and max out at 35%, and that is on taxable income after deductions, not before.

Many of my clients earning in excess of \$125,000 are shocked when I tell them that they paid only 12% to Uncle Sam. I am speaking about after deductions, of course. They just can't believe it. When I point out that after they deduct their 401k's (approximately \$30,000 for most married people if they both max out), their mortgages, real estate taxes, charities, exemptions, tuition deductions, etc. from their income, they are left with less than 50% of their gross income. Now if they are married filing joint, which a lot of them are, they are in the 15% bracket and are paying just \$7500 approximately to Uncle Sam. What is \$7,500 dollars of \$125,000? Just 6%, that's all!!! Yet, we complain our taxes are too high. Of course, I am not factoring in Social Security or Medicare taxes, but just talking about income taxes.

The point I am trying to make is that, historically speaking, the USA currently has one of the lowest tax rates in the free world, and everything is pointing to tax rates going up not down. Look at the massive deficits. How else are they going to balance the books? By raising revenue. You may not realize it, but in the 70's we had a top tax bracket of 70%. Yes, 70%.

So what are the smart things to do knowing that today's rates are likely to stay the same or go up, but very unlikely to go down any further. Declare future income now!!! If you are going to get that bonus, but have a chance to push it into next year—don't. Take advantage of today's rates and get it now not later when tax rates might go up. Retirement accounts – 2009 is probably the best year to convert traditional IRAS into Roth. Why not pay the tax now when the rates are so low and not have to pay tax later when chances are likely they will go up? You may even be able to roll over a 401k account into an IRA account and then convert the IRA into a Roth IRA and pay the tax now instead of later.

Recognize profits now vs. later. If you own your own business and have the chance of reporting profits now vs. later – do it. Bite the bullet now instead of later. Defer deductions until later; i.e. if you can put off paying expenses into future years, do so. Take regular depreciation instead of Section 179. This is the opposite of what we used to tell our clients, but looking at the future with tax rates likely going up, it actually makes sense. Of course all these moves should be made only after consulting with your tax accountant. Call us for advice!!!