

2009 Cost-of-Living Limits

IRA Contribution Limit \$5,000

IRA 50 & Over Catch-up Contribution
\$1,000

401(k) deferral limit \$16,500

401(k) 50 & Over Catch-up Contribution
\$5,500

SIMPLE Deferral limit \$11,500

SIMPLE 50 & Over Catch-up
Contribution \$2,500

Annual Compensation limit \$245,000

Defined Contribution IRC Sec 415 limit
\$49,000

Compensation limit for SEP eligibility
\$550

IRC Section 179 \$250,000

Estate Tax Exclusion \$3,500,000

Social Security Wage Base \$106,800

[2008 & Prior Years' Limits](#)

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Client Newsletter

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Mid-Year Tax Planning: Now is the time to take advantage of the tax breaks that Congress has provided before they disappear. Make sure you're not missing out.

Check your Withholdings: With 2009 half over, the Internal Revenue Service reminds individual taxpayers there is no better time to check their 2009 federal income tax withholding levels to make sure they do not face any surprises when returns are due next spring. The Making Work Pay Credit lowered tax withholding rates this year for 120 million American households. However, particular taxpayers who fall into any of the following groups should review their tax withholding rates to ensure enough tax is withheld: multiple job holders, families in which both spouses work, workers who can be claimed as dependents by other taxpayers and pensioners. For more info and calculators: [Click Here](#).

DC's New General Business License: As of 11-1-08, DC requires that all businesses that pay business taxes in DC also have a valid DC Basic Business License (BBL) or file a form stating that it is exempt from the General Business License. Virginia businesses' deadline for filing is based on your billing address. For City Addresses A-F the application is due 7-31-09, for G-Z 8-30-09. The BBL EZ-Form is available online at <http://dcra.dc.gov/>. For more information, also see the following websites <http://dcra.dc.gov/dcra/cwp/view.a.1343.q.641497.asp> and/or <http://dcra.dc.gov/dcra/cwp/view.a.1411.q.641504.asp>

Safeguarding of Tax Records: With the 2009 hurricane season underway, the IRS reminds individuals and businesses that it's easier now to keep backup records, such as bank statements, tax returns, or insurance policies because many financial institutions provide statements and documents electronically and other paper documents can be scanned into an electronic format. Another step that taxpayers can take to prepare for a disaster is to photograph or videotape the contents of their home or business. If disaster strikes, an affected taxpayer can call 1-866-562-5227 to speak with an IRS specialist trained to handle disaster-related issues. [News Release IR-2009-61](#).

Records Retention: In addition to reviewing your policies regarding safeguarding your records, you should also periodically review your records retention policies.

Tax Strategies for a Depressed Market: The stock market decline has opened up some helpful tax-saving opportunities. Here's a list of tax-smart strategies that can work for you during and after periods of exceptionally lousy stock market conditions.

Loans to Family & Friends: You may want to help out a financially stressed relative by loaning that person some money. That is commendable, but please make it a *tax-smart* loan. This link explains the upfront planning needed to avoid unexpected (and generally adverse) tax consequences when you loan money to a relative or friend.

2009 Rules for Summer Hiring: Thinking about hiring some summer help? Need to know what labor laws apply?

Documentation is Everything for Business Auto Deductions: Two recent rulings emphasize the importance of mileage logs and need to meet of the vehicle expense substantiation requirements of IRC Sec 274(d). In *Cottrell Sr.v. Commissioner*, T.C. Summ. OP. 2008-101 and *Larson v. Commissioner*, T.C. Memo. 2008-187, both taxpayers lost some or all of their vehicle expense deductions due to the lack of proper documentation. As a general rule, you should record all of the following information in your mileage log: date, place, business purpose, person(s) involved and business relationship, and amount spent/mileage involved. In addition to maintaining a mileage log that documents this information, if you want to claim the use the actual-expense method, you must also have the total mileage the vehicle was driven in the year, documentation for the cost of gas, oil, tires, repairs, insurance, etc. **You need to record your odometer reading on January 1st** each year to determine your total mileage. **Estimates are not acceptable.**

2008/2009 Standard Mileage Rates:

Business mileage rate \$0.505/mile before July 1 and

\$0.585 after June 30, 2008; 2009 \$0.55

Medical & Moving mileage rate \$0.19/mile before

July 1 and **\$0.27 after June 30, 2008; 2009 \$0.24**

Charitable mileage rate \$0.14/mile 2008 and 2009

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