



Tax Hints

for Tax Professionals

Internal Revenue Service
Office of National Public
Liaison (NPL)

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Top Stories

Two Key Economic Stimulus Provisions Impact This Filing Season

Section 179 Expensing Limit Increases: In general, businesses with annual property purchases below the threshold may choose to expense the cost of the property under Section 179 instead of depreciating it. Last year's Economic Stimulus Act increased the Section 179 expensing limit, allowing more property to be currently expensed for taxable years beginning in 2008.

The law increased the maximum Section 179 expense deduction to \$250,000 for qualified Section 179 property placed in service in tax years that begin in 2008. This is a 95% increase from the previous limitation of \$128,000. Also under the new law, the \$250,000 deduction amount is reduced only when a business acquires more than \$800,000 of qualifying property. Prior to these changes the reduction began when a business acquired more than \$510,000 of qualifying property.

Special Depreciation Allowance: In addition to the Section 179 changes, the Economic Stimulus Act provides a 50% special depreciation allowance for property acquired and placed in service during 2008. A taxpayer is entitled to depreciate 50% of the cost or other basis during the year the asset is placed into service. The remaining cost or other basis would be depreciated over the normal life of the asset.

Businesses can take advantage of the new Section 179 limits, the bonus depreciation and a regular depreciation method such as modified accelerated cost recovery system or MACRS, simultaneously. Complete details are on the [Economic Stimulus page](#).

Highlights of 2008 Tax Law Changes Affecting Current Filing Season

AMT exemptions rise; several expiring deductions and credits get a new lease on life; a new standard property tax deduction and a special first-time homebuyer credit are available to some homeowners; and retirement savings incentives expand. These are among the changes taxpayers will find when they fill out their 2008 tax returns. More information about these and other changes are [here](#).

Taxpayers in Four States File with Different Centers this Year

On January 21, 2009 IRS announced in press release IR-2009-7 that taxpayers in **Delaware, Illinois, New York and Rhode Island** who file paper income tax returns will send them to different processing centers this year. Taxpayers in Delaware, New York and Rhode Island will now send their tax returns to the IRS Kansas City Service Center in Kansas City, MO. Taxpayers in Illinois will now send their tax returns to the IRS Fresno Service Center, in Fresno, CA. [More](#)

National Taxpayer Advocate Calls for Tax Simplification

In her January 7, 2009 annual report, Nina E. Olson, the National Taxpayer Advocate, urged Congress to greatly simplify the tax code. She identifies measures to reduce taxpayer burdens especially in light of serious financial difficulties facing many Americans in the economic downturn.

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"It is imperative for the IRS to consider the circumstances of taxpayers facing economic hardship before initiating enforcement actions," Olson wrote. Further, she notes "current IRS guidance provides little direction to help IRS employees identify taxpayers who are experiencing economic hardship and prevent undue economic burden." [More](#)

New Form 990, New Instructions, for Tax-Exempt Organizations

IRS released [revised instructions](#) for tax-exempt organizations must follow when completing the **redesigned Form 990**, which must be filed starting with tax year 2008. Most charities and other tax-exempt organizations must file an annual informational return with the IRS to maintain their tax-exempt status. Information reported on Form 990 is available to the public.

As part of the phase-in of the redesigned Form 990 over a three-year transition period, many organizations not eligible to file the Form 990-EZ for 2007 will be eligible to file Form 990-EZ or Form 990 for 2008. A [summary of the transition period](#) filing requirements for Form 990, 990-EZ, and 990-N is also available.

New Economic Stimulus Under Discussion

Earlier this month, Congressional leaders and (then) President-elect Obama began discussions regarding the contents of an economic stimulus package, expected to include \$300 billion in tax cuts. According to the latest information from Congressional leaders, the bill will go through the regular order with committee markups expected the week of January 19th and House passage the following week. House Speaker Nancy Pelosi indicated a conference agreement and final passage would be attained by mid-February.

IRS Aims for Greater Awareness of Earned Income Tax Credit

The Service wants to get the word out as widely as possible about the Earned Income Tax Credit (EITC) program. **EITC Awareness Day is January 30, 2009.** IRS is asking all stakeholder organizations to spread the word about this vital tax credit program through all membership ranks. Outreach and customizable marketing material and many additional awareness tools are available along with the online EITC Assistant at [EITC Central](#).

Section 7216 Update

[Notice 2009-13](#) provides interim guidance regarding **IRC section 7216** and Treas. Reg. Section 301.7216-2(o), relating to the ability of a tax return preparer to disclose and use statistical compilations of anonymous tax return information in support of the preparer's tax return preparation business without the consent of the preparer's taxpayer clients. It will be published in IRB 2009-6 dated Feb. 9, 2009.

IRS Spanish-language Information Available

If you need federal tax information, the IRS provides **free Spanish language products and services**. Pages on the Internal Revenue Service's Web site, pre-recorded tax topics, refund information, tax publications and toll-free telephone assistance are all available in the Spanish language. [El IRS en Español](#)

Recovery Rebate Credit

The recovery rebate credit is a one-time benefit for people who didn't receive the full economic stimulus payment last year and whose circumstances may have changed, making them eligible now for some or all of the unpaid portion. Generally, a credit adds to the amount of your tax refund or lowers the amount of taxes owed. Therefore, the amount you receive for the recovery rebate credit will be included as part of your refund, as shown on your tax return. [More](#)



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Return Preparer Penalties Modified

On January 21, 2009, Treasury and IRS issued final regulations revising the regulatory scheme governing tax return preparer penalties in accordance with the amendments to **sections 6694 and 6695** (Internal Revenue Bulletin: 2009-3) and providing guidance under the Preparer Penalty Modification in the Tax Extenders and Alternative Minimum Tax Relief Act of 2008. Detailed additional information is [here](#).

Marketing Help for Authorized e-Filers

The [IRS e-file Marketing Tool Kit](#) contains IRS **e-file promotional products and informational publications** designed to help Authorized IRS e-file Providers market their e-file services and alert clients about the benefits of e-file and e-pay. Publication 3452 is a comprehensive guide to e-file which can be explored online or downloaded for further reference.

IRS Sets 2009 Tax Forum Venues

The 2009 Nationwide Tax Forum team has finalized dates and cities for the 2009 forums for planning purposes:

July 7-9, 2009	Las Vegas, NV
July 14-16, 2009	San Diego, CA
August 4-6, 2009	Orlando, FL
August 25-27, 2009	New York, NY
September 8-10, 2009	Dallas, TX
September 22-24, 2009	Atlanta, GA

Key information is available at [2009 IRS Nationwide Tax Forums](#).

Director's Corner

Tax Hints Final Post

Over the last year, the main IRS website www.irs.gov has developed excellent search capabilities. By incorporating the Google search engine and other modifications it's now easy to find IRS information on division or topic-driven web pages. Additionally, a great many other electronic subscription sources are now online, containing very much the same information as that contained in Tax Hints. Subscription service is making this information much more timely and available to interested audiences.

With this in mind, NPL has stopped posting new material to Tax Hints. We urge readers to take advantage of electronic subscription services and other web pages in the column at the right on page 1. If information needs are not met from these sources, please contact NPL at the email address below.

National Public Liaison Division (NPL)

Led by the Chief, Communications and Liaison and the NPL Director, NPL works to enhance the IRS's relationships with national stakeholders and federal partners to create opportunities to meet stakeholder needs and to resolve issues of mutual concern.

NPL also coordinates:

[The IRS Advisory Council \(IRSAC\)](#)
[The Information Reporting Program](#)
[Advisory Committee \(IRPAC\)](#)
[The IRS Nationwide Tax Forums](#)
Stakeholder Relationships
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Contact NPL through email at [National Public Liaison](#) or at (202) 622-3359, or visit the [Tax Professionals](#) website.