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Highlights of 2008 Tax Changes



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- Limitation and prevention of access to controls of specified agricultural chemicals stored at the facility.
- Tagging, locking tank valves, and chemical additives to prevent theft of specified agricultural chemicals or to make the chemicals unfit for illegal use.
- Perimeter protection of specified agricultural chemicals.
- Installation of security lighting, cameras, recording equipment, and intrusion detection sensors.
- Implementation of measures to increase computer or computer network security.
- Conducting a security vulnerability assessment.
- Implementing a site security plan.
- Other measures for protection of specified agricultural chemicals to be identified in future regulations.

For more information, see section 450.

Carbon Dioxide Sequestration Credit

Carbon dioxide captured after October 3, 2008, from an industrial source may be eligible for a credit. A credit of \$20 per metric ton is allowed for qualified carbon dioxide that is captured at a qualified facility and disposed of in secure geological storage or \$10

per metric ton to qualified carbon dioxide that is captured at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project. Only carbon dioxide captured and disposed of or used within the United States or a U.S. possession is taken into account when figuring the credit. For more information, see Form 8933, Carbon Dioxide Sequestration Credit.

Social Security and Medicare Taxes

The maximum amount of wages subject to the social security tax for 2008 is \$102,000. There is no limit on the amount of wages subject to the Medicare tax.

Maximum Automobile Value for Using the Cents-Per-Mile Valuation Rule

For 2008, an employer providing a passenger automobile for the first time for the personal use by an employee may determine the value of the personal use by using the vehicle cents-per-mile value rule if the vehicle's fair market value on the date it is first made available to the employee does not exceed \$15,000 for a passenger automobile other than a truck or van, or \$15,900 for a truck or van. For more information, see *Cents-Per-Mile Rule* on page 20 of the 2008 Publication 15-B, Employer's Tax Guide to Fringe Benefits.

Fringe Benefit Parking Exclusion and Commuter Transportation Benefit

You can generally exclude a limited amount of the value of qualified parking and commuter highway vehicle transportation and transit passes you provide to an employee from the employee's wages. For 2008, the monthly exclusion for qualified parking increases to \$220 and the monthly exclusion for commuter highway vehicle transportation and transit passes increases to \$115. See *Qualified Transportation Benefits* on page 17 of the 2008 Publication 15-B.

Health Savings Accounts (HSAs)

Eligibility. For 2008, a qualifying high deductible health plan (HDHP) must have a deductible of at least \$1,100 for self-only coverage or \$2,200 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to \$5,600 for self-only coverage and \$11,200 for family coverage.

Employer contributions. Up to specified dollar limits, cash contributions to the health savings account (HSA) of a qualified individual (determined monthly) are exempt from federal income tax withholding, social security tax, Medicare tax, and FUTA tax. For 2008, you can contribute up to the following amounts to a qualified individual's HSA.

- \$2,900 for self-only coverage or \$5,800 for family coverage.
- \$3,800 for self-only coverage or \$6,700 for family coverage for a qualified individual who is age 55 or older at any time during the year. The \$6,700 limit is increased by \$900 for two married individuals who are age 55 or older at any time during the year provided each spouse has a separate HSA.

Employers are allowed to make larger HSA contributions for a nonhighly compensated employee than for a highly compensated employee.

For more information, see *Health Savings Accounts* on page 12 of the 2008 Publication 15-B.

Nonqualified Deferred Compensation Plans

Generally, all amounts deferred under a nonqualified deferred compensation plan for the tax year and all preceding tax years are included in your employees' wages in the current year, unless the plan meets certain requirements. These requirements were stated in Notice 2005-1. However, portions of that notice were obsoleted and replaced by final regulations that were effective for tax years beginning after 2007. For more information, see Treasury Decision 9321, 2007-19 I.R.B. 1123, available at www.irs.gov/irb/2007-19_IRB/ar02.html.

Capital Gain Tax Rate Reduction for Corporations With Qualified Timber Gain

For tax years ending after May 22, 2008, and beginning before May 23, 2009, if a corporation has both a net capital gain and a qualified timber gain, a maximum 15% capital gains tax rate may apply for part of the tax year. The reduced tax rate applies for both regular tax and alternative minimum tax purposes. See the Instructions for Schedule D (Form 1120) and the Instructions for Form 4626, Part II, for details.

5-Year Carryback of 2008 Net Operating Losses (NOLs) for Eligible Small Businesses (ESBs)

For 2008, you can choose a 3, 4, or 5-year carryback period for the part of your 2008 NOL that is an ESB loss. An ESB is a small business as defined in section 172(b)(1)(F)(iii), except that an ESB's 3-year average annual gross receipts can be up to \$15 million (instead of \$5 million). An ESB loss is the smaller of:

1. The amount that would be the 2008 NOL if only income, gains, losses, and deductions attributable to ESBs were taken into account, or
2. The 2008 NOL.

For more information, see the Instructions for Form 1139 (corporations) or the Instructions for Form 1045 (individuals, estates, and trusts).

Depletion

The temporary suspension of the taxable income limitation on percentage depletion from the marginal production of oil and natural gas is not available for tax years beginning after 2007 and before 2009. It is, however, available for tax years beginning after 2008 and before 2010.

Penalty for Late Filing of a Partnership Return

For partnership returns for tax years beginning in 2008 that are required to be filed after 2008, the late filing penalty is increased to \$90 for each month or part of a month (up to 12 months) the return is late (or does not contain the required information) multiplied by the total number of persons who were partners in the partnership during any part of the partnership's tax year. No penalty will be imposed if the partnership shows that the late filing was due to reasonable cause.

Penalty for Late Filing of an S Corporation Return

If no tax is due, the late filing penalty for returns required to be filed after 2008 increased to \$89 for each month or part of a month (up to 12 months) the return is late or does not include the required information, multiplied by the total number of persons who were shareholders in the corporation during any part of the corporation's tax year. The penalty change discussed in the preceding sentence also applies if tax is due. In addition, the minimum additional late filing penalty for returns required to be filed after 2008 that are more than 60 days late increased to \$135 or the balance of the tax due on the return, whichever is smaller. For more information, see the Instructions for Form 1120S.

2009 Changes

COBRA Premium Assistance Credit

The American Recovery and Reinvestment Act of 2009 allows a credit against certain employment taxes for providing COBRA premium assistance to assistance eligible individuals. An assistance eligible individual is any qualified beneficiary if at any time during the period beginning on September 1, 2008, and ending on December 31, 2009, the beneficiary is eligible for COBRA continuation coverage, the

beneficiary elects coverage, and the qualifying event that allows the beneficiary to get coverage is the involuntary termination of the covered employee's employment during this period. For periods of COBRA continuation coverage beginning after February 16, 2009, a group health plan must treat an assistance eligible individual as having paid the required COBRA continuation coverage premium if the individual elects COBRA continuation coverage and pays 35% of the amount of the premium.

The 65% of the amount of the premium not paid by the assistance eligible individual is reimbursed to the employer or other entity maintaining the group health plan. The maximum period for which the reimbursement can be provided for any beneficiary is 9 months. The reimbursement is made through a credit against employment tax liabilities. The credit is taken on line 12a of Form 941, line 11a of Form 944, or line 13a of Form 943 once the 35% of the premium is paid by or on behalf of the assistance eligible individual. The credit is treated as a deposit made on the first day of the return period (quarter or year).

Anyone claiming the credit for COBRA assistance payments must maintain the appropriate information to support their claim.

For more information, see Publication 15 (Circular E), Employer's Tax Guide.

New Forms to Adjust Employment Tax Returns

Adjusted employer's quarterly federal tax return or claim for refund. Beginning with errors discovered after 2008, employers must use Form 941-X, Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund, to adjust errors discovered on previously filed Forms 941 and 941-SS. Form 941c, which was previously used to adjust errors on Forms 941 and 941-SS and was attached to a currently-filed Form 941 or Form 941-SS, can no longer be used. You are required to file Form 941-X separately from Form 941 or Form 941-SS.

Adjusted employer's annual federal tax return for agricultural employees or claim for refund. Beginning with errors discovered after 2008, employers must use Form 943-X, Adjusted Employer's Annual Federal Tax Return for Agricultural Employees or Claim for Refund, to adjust errors discovered on previously filed Form 943. Form 941c, which was previously used to adjust errors on Form 943 and was attached to a currently-filed Form 943, can no longer be used. You are required to file Form 943-X separately from Form 943.

Adjusted employer's annual federal tax return or claim for refund. Beginning with errors discovered after 2008, employers must use Form 944-X, Adjusted Employer's ANNUAL Federal Tax Return or

Claim for Refund, to adjust errors discovered on previously filed Forms 944 and 944-SS. Form 941c, which was previously used to adjust errors on Forms 944 and 944-SS and was attached to a currently-filed Form 944 or Form 944-SS, can no longer be used. You are required to file Form 944-X separately from Form 944 or Form 944-SS.

Adjusted annual return of withheld federal income tax or claim for refund. Beginning with errors discovered after 2008, employers must use Form 945-X, Adjusted Annual Return of Withheld Federal Income Tax or Claim for Refund, to adjust errors discovered on previously filed Form 945. Form 941c, which was previously used to adjust errors on Form 945 and was attached to a currently-filed Form 945, can no longer be used. You are required to file Form 945-X separately from Form 945.

Changes to Investment Credit

Generally, the energy credit from the following properties was scheduled to expire after 2008 but has been extended through 2016.

- Qualified fuel cell property.
- Qualified microturbine property.
- Solar energy property.

For tax years beginning after October 3, 2008, the energy credit can offset the alternative minimum tax.

For periods after February 17, 2009, the investment credit includes the qualifying advanced energy project credit.

For periods after 2008, the \$4,000 limit on the energy credit for qualified small wind energy is repealed.

You may elect to treat qualified property placed in service as part of a qualified investment credit facility after 2008 as energy property for purposes of the energy credit in-stead of taking the renewable electricity production credit.

For more information on the investment credit, see the Instructions for Form 3468, Investment Credit.

Depreciation Limits for Trucks or Vans

The maximum deduction you can take for a truck or van you use in your business and first placed in service in 2009 is \$3,060 (\$11,060 for trucks or vans for which the special depreciation allowance applies).



These limits are reduced if the business use of the vehicle is less than 100%.

Self-Employment Tax

Maximum amount subject to tax. The maximum amount of net earnings subject to the social security part of the self-employment tax for tax years beginning in 2009 is \$106,800. All net earnings of at least \$400 are subject to the Medicare part of the tax.

Optional methods to figure net earnings. For tax years beginning in 2009, the dollar thresholds for using the optional methods to figure net earnings from self-employment have increased. You may use the farm optional method to figure your net earnings from farm self-employment if your gross farm income was \$6,540 or less or your net farm profits were less than \$4,721. The nonfarm optional method may be used to figure your net earnings from nonfarm self-employment if your net non-farm profits were less than \$4,721 and also less than 72.189% of your gross nonfarm income.

In 2009, the maximum social security coverage under the optional methods is four credits, the equivalent of \$4,360 of net earnings from self-employment.

Alcohol and Cellulosic Biofuel Fuels Credit

The following changes apply to the alcohol and cellulosic biofuel fuels credit.

- For ethanol sold or used after 2008, the credit rate is lowered.
- For fuel produced, and sold or used, after 2008, the credit is expanded to include the cellulosic biofuel producer credit.
- For fuel sold or used after 2008, the percentage of denaturants included in the volume of alcohol used to figure the credit is lowered.

For more information, see Form 6478.

Biodiesel and Renewable Diesel Fuels Credit

The following changes apply to the biodiesel and renewable diesel fuels credit.

1. For fuel produced after 2008, biodiesel and renewable diesel do not include any liquid eligible for the alcohol and cellulosic biofuel fuels credit.
2. For fuel produced, and sold or used, after 2008:
 - a. The credit rate for the biodiesel and biodiesel mixture credits increased to \$1.00 per gallon.
 - b. Camelina is added to the list of virgin oils from which agri-biodiesel is derived.
 - c. The definition of renewable diesel changed.

3. Biodiesel produced, sold, or used after September 30, 2009, must meet the new ASTM D6751 cold soak filtration test. The original April 1, 2009, dead-line was extended by Notice 2009-34. You can find Notice 2009-34, 2009-17 I.R.B. 876, available at www.irs.gov/irb/2009-17_IRB/ar07.htm1.

For more information, see Form 8864.

Credit for Employer Differential Wage Payments

Eligible small business employers may be able to claim a credit for differential wage payments made to qualified employees after 2008 and before 2010. The credit is 20% of the first \$20,000 of qualified differential wage payments made to each qualified employee. For more information see Form 8932, Credit for Employer Differential Wage Payments.

Carbon Dioxide Sequestration Credit

A credit of \$20 per metric ton is allowed for qualified carbon dioxide that is captured at a qualified facility and disposed of in secure geological storage and, if captured after February 17, 2009, not used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project.

A credit of \$10 per metric ton to qualified carbon dioxide that is captured at a qualified facility and used as a tertiary injectant in a qualified enhanced oil or natural gas recovery project and, if captured after February 17, 2009, disposed of in secure geological storage. For more information, see Form 8933.

Vehicle Credits

Alternative motor vehicle credit. For tax years beginning after 2008, the personal use part of the alternative motor vehicle credit is allowed against the AMT.

New plug-in conversion credit. A new plug-in conversion credit of 10% of the cost of converting any motor vehicle (new or used) to a qualified plug-in electric drive motor vehicle. The maximum credit is \$4,000 per vehicle. This credit is claimed on Form 8910, Alternative Motor Vehicle Credit, and applies to property placed in service after February 17, 2009.

New plug-in electric vehicle credit. A new credit of 10% of the cost of a new plug-in electric vehicle can be claimed on Form 8834. The maximum credit is \$2,500 per vehicle.

A qualified plug-in electric vehicle must meet the following requirements.

1. The original use of the vehicle began with you;

2. Was purchased for your use and not for resale;
3. Is made by a manufacturer;
4. Is manufactured primarily for use on public streets, roads, and highways;
5. Has a gross vehicle weight rating of less than 14,000; and
6. Is propelled to a significant extent by an electric motor which draws electricity from a battery which:
 - a. Has a capacity of not less than 4 kilowatt hours (2.5 kilowatt hours in the case of a vehicle with 2 or 3 wheels), and
 - b. Is capable of being recharged from an external source of electricity.

Generally, no credit is allowed if the vehicle is used predominantly outside the United States.

This credit applies to vehicles acquired after February 17, 2009.

New plug-in electric drive motor vehicle credit. A new plug-in electric drive motor vehicle credit can be claimed on new Form 8936, Qualified Plug-in Electric Drive Motor Vehicle Credit. You may be able to claim this credit if you place in service a plug-in electric drive motor vehicle for business or personal use in tax years beginning after 2008. The amount of the credit

varies depending on the battery capacity and weight limitations and ranges from \$2,500 to \$15,000.

A new qualified plug-in electric drive motor vehicle is a motor vehicle that:

1. The original use of the vehicle starts with you,
2. Is purchased for your use or lease and not for resale,
3. Is made by a manufacturer,
4. Is treated as a motor vehicle for purposes of title II of the Clean Air Act,
5. Has a gross vehicle weight rating of less than 14,000 pounds, and
6. Is propelled to a significant extent by an electric motor which draws electricity from a battery which:
 - a. Has a capacity of not less than 4 kilowatt hours, and
 - b. Is capable of being recharged from an external source of electricity.

Generally, no credit is allowed if the vehicle is used predominately outside the United States.

For more information, see section 30D and Notice 2009-54. You can find Notice 2009-54, 2009-26 I.R.B. 1124, available at www.irs.gov/irb/2009-26_IRB/ar07.html.

Increase in alternative fuel vehicle refueling property credit. For vehicles placed in service after 2008 and before 2011, the alternative fuel vehicle refueling property credit (claimed on Form 8911) is increased. For property that relates to hydrogen, the maximum credit per location is increased to \$200,000. For all other property, the credit percentage is increased to 50% and the maximum credit per location is increased to \$50,000 (\$2,000 for nondepreciable property).

Work Opportunity Credit

Two new targeted groups have been added to the work opportunity credit.

- Unemployed veterans.
- Disconnected youth.

Generally, an unemployed veteran is one who has been discharged or released from active duty in the Armed Forces at any time during the 5-year period ending on the hiring date and who receives unemployment compensation for not less than 4 weeks during the 1-year period ending on the hiring date.

A disconnected youth is one who is certified as:

- Being at least age 16 but not age 25 or older on the hiring date;

- Not attending any high school, technical school, or post-secondary school during the 6-month period ending on the hiring date;
- Not being regularly employed during that 6-month period; and
- Not being readily employable due to a lack of having a sufficient number of basic skills.

This applies to employees who begin work after 2008 and before 2011.

Use the Form 5884, Work Opportunity Credit, to claim the credit.

Social Security and Medicare Taxes

The maximum amount of wages subject to the social security tax for 2009 is \$106,800. There is no limit on the amount of wages subject to the Medicare tax.

Maximum Automobile Value for Using the Cents-Per-Mile Valuation Rule

For 2009, an employer providing a passenger automobile for the personal use of an employee may determine the value of the personal use by using the vehicle cents-per-mile value rule if the vehicle's fair market value on the date it is first made available to the employee does not exceed \$15,000 for a passenger automobile other than a truck or van, or \$15,200 for a truck or van. For more information, see

Cents-Per-Mile Rule on page 23 of the 2009 Publication 15-B.

Qualified Transportation Fringe Benefits

After 2008, qualified transportation fringe benefits include any qualified bicycle commuting reimbursement.

Qualified bicycle commuting reimbursement. For any calendar year, the exclusion for qualified bicycle commuting reimbursement includes any employer reimbursement during the 15-month period beginning with the first day of the calendar year for reasonable expenses incurred by the employee during the calendar year.

Reasonable expenses include the purchase of a bicycle and bicycle improvements, repair, and storage. These are considered reasonable expenses as long as the bicycle is regularly used for travel between the employee's residence and place of employment.

Exclusion from wages. Generally, the value of transportation benefits that you provide to an employee during 2009 are excluded from the employee's wages up to the following limits.

1. For combined commuter highway vehicle transportation and transit passes:
 - a. \$120 per month for the months of January and February 2009, and

- b. \$230 per month for any month beginning after February 2009.
- 2. \$230 per month for qualified parking.
- 3. For a calendar year, \$20 multiplied by the number of qualified bicycle commuting months during that year for qualified bicycle commuting reimbursement.

Qualified bicycle commuting month. For any employee, a qualified bicycle commuting month is any month the employee regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment and does not receive transportation in a commuter highway vehicle, any transit pass, or qualified parking benefits.

Generally, qualified transportation fringe benefits are excluded from an employee's wages even if you provide them under a compensation reduction agreement. However, qualified bicycle commuting reimbursements do not qualify for this exclusion if made under a compensation reduction agreement. For more information, see *Qualified Transportation Benefits* on page 19 of the 2009 Publication 15-B.

Health Savings Accounts (HSAs)

Eligibility. For 2009, a qualifying high deductible health plan (HDHP) must have a deductible of at least

\$1,150 for self-only coverage or \$2,300 for family coverage and must limit annual out-of-pocket expenses of the beneficiary to \$5,800 for self-only coverage and \$11,600 for family coverage.

Employer contributions. Up to specified dollar limits, cash contributions to the HSA of a qualified individual (determined monthly) are exempt from federal income tax withholding, social security tax, Medicare tax, and FUTA tax. For 2009, you can contribute up to the following amounts to a qualified individual's HSA.

- \$3,000 for self-only coverage or \$5,950 for family coverage.
- \$4,000 for self-only coverage or \$6,950 for family coverage for a qualified individual who is age 55 or older at any time during the year. The \$6,950 limit is increased by \$1,000 for two married individuals who are age 55 or older at any time during the year provided and each spouse has a separate HSA.

Employers are allowed to make larger HSA contributions for a nonhighly compensated employee than for a highly compensated employee.

For more information, see *Health Savings Accounts* on page 13 of the 2009 Publication 15-B.

Build America Bonds

A build America bond is a bond issued after February 17, 2009, and before 2011 that qualifies as a tax-exempt bond that is not a private activity bond, and for which an election is made by the issuer.

A tax credit of 35% of interest payable on build America bonds is available to the bondholder, unless the issuer elects to receive a direct payment in lieu of the credit to the bondholder. The amount of credit is taxable as interest income to the bondholder. The unused credit is not refund-able, but can be carried forward to succeeding tax years. Use Form 8912, Credit to Holders of Tax Credit Bonds, to claim the credit.

Cancellation of Debt

Certain businesses can make an irrevocable election to delay recognition income from the cancellation of business debt arising from the reacquisition of certain types of business debt repurchased in 2009 or 2010. If you make this election, you cannot exclude, for the taxable year of the election or any subsequent taxable year, the income from the cancellation of such indebtedness based on a title 11 bankruptcy case, insolvency, qualified farm indebtedness, or qualified real property business indebtedness.

Income is deferred until the 5th year after the reacquisition (4th year for reacquisitions in 2010), then the income is included ratably over the following 5 years.

The debtor must include an election statement with the tax return in the year the debt is reacquired. The statement must clearly identify the debt instrument and the amount of income deferred.

If elected, certain exclusions for cancellation of debt income would not apply to the income from the discharge of such debt for the year of the election or any later year.

For more details, including how to make the election, see section 108(i).

S Corporation Built-in Gains Tax

For tax years beginning in 2009 or 2010, no tax is imposed on the net recognized built-in gain of an S corporation after the 7th tax year in the recognition period. For more information, see section 1374.

Partial Exclusion Increased for Gain From Certain Small Business Stock

Exclusion of gain from the sale of qualifying small business stock is increased to 75% for stock acquired after February 17, 2009, and before 2011.

For more information, see section 1202(a)(3).

3.

IRAs and Other Retirement Plans

2008 Changes

Traditional IRA Contribution and Deduction Limit

The contribution limit to your traditional IRA for 2008 will be increased to the smaller of the following amounts:

- \$5,000, or
- Your taxable compensation for the year.

If you were age 50 or older before 2009, the most that can be contributed to your traditional IRA for 2008 will be the smaller of the following amounts:

- \$6,000, or
- Your taxable compensation for the year.

Modified AGI Limit for Traditional IRA Contributions Increased

For 2008, if you are covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (phased out) if your modified AGI is:

- More than \$85,000 but less than \$105,000 for a married couple filing a joint return or a qualifying widow(er),
- More than \$53,000 but less than \$63,000 for a single individual or head of household, or
- Less than \$10,000 for a married individual filing a separate return.

If you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work, but you are not, your deduction is phased out if your AGI is more than \$159,000 but less than \$169,000. If your AGI is \$169,000 or more, you cannot take a deduction for contributions to a traditional IRA.

Modified AGI Limit for Retirement Savings Contributions Credit Increased

For 2008, you may be able to claim the retirement savings contributions credit if your modified AGI is not more than:

- \$53,000 if your filing status is married filing jointly,
- \$39,750 if your filing status is head of household, or
- \$26,500 if your filing status is single, married filing separately, or qualifying widow(er).

Roth Contribution Limit

If contributions on your behalf are made only to Roth IRAs, your contribution limit for 2008 will generally be the lesser of:

- \$5,000, or
- Your taxable compensation for the year.

If you were age 50 or older before 2009 and contributions on your behalf were made only to Roth IRAs, your contribution limit for 2008 will generally be the lesser of:

- \$6,000, or
- Your taxable compensation for the year.

However, if your modified AGI is above a certain amount, your contribution limit may be reduced.

Modified AGI Limit for Roth IRA Contributions Increased

For 2008, your Roth IRA contribution limit is reduced (phased out) in the following situations.

- Your filing status is married filing jointly or qualifying widow(er) and your modified AGI is at least \$159,000. You cannot make a Roth IRA contribution if your modified AGI is \$169,000 or more.

- Your filing status is single, head of household, or married filing separately and you did not live with your spouse at any time in 2008 and your modified AGI is at least \$101,000. You cannot make a Roth IRA contribution if your modified AGI is \$116,000 or more.
- Your filing status is married filing separately, you lived with your spouse at any time during the year, and your modified AGI is more than -0-. You cannot make a Roth IRA contribution if your modified AGI is \$10,000 or more.

Qualified Plans

The following changes apply to qualified plans. For more information, see Publication 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans).

Limits on contributions and benefits. For 2008, the maximum annual benefit for a participant under a defined benefit plan has increased to the smaller of:

- \$185,000, or
- 100% of the participant's average compensation for his or her highest 3 consecutive calendar years.

For 2008, a defined contribution plan's maximum annual contributions and other additions (excluding earnings) to the account of a participant has increased to the smaller of:

- \$46,000, or
- 100% of the compensation actually paid to the participant.

Compensation limit. For 2008, the maximum compensation used for figuring contributions and benefits has increased to \$230,000.

Simplified Employee Pensions (SEPs)

The following changes apply to SEPs. For more information, see Publication 560.

Deduction limit increased. The maximum deduction for contributions to a SEP remains unchanged at 25% of the compensation paid or accrued during the year to your eligible employees participating in the plan. However, for 2008, the maximum combined deduction for a participant's elective deferrals and other SEP contributions has increased to \$46,000.

Contribution limit increased. For 2008, the annual limit on the amount of employer contributions to a SEP has increased to the smaller of:

- \$46,000, or
- 25% of an eligible employee's compensation.

Compensation limit. For 2008, the maximum amount of an employee's compensation you can consider when figuring SEP contributions (including elective deferrals) and the deduction for contributions has increased to \$230,000.

403(b) Plans

For 2008, the limit on annual additions has increased to \$46,000. For more information, see Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans).

Rollover of Exxon Valdez Settlement Income

If you are a qualified taxpayer and you received qualified settlement income in connection with the Exxon Valdez litigation, you can contribute all or part of the amount received to an eligible retirement plan. This includes a traditional IRA, a Roth IRA, and a qualified retirement plan. The amount contributed cannot exceed \$100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior tax years) or the amount of qualified settlement income received during the tax year. Contributions for the year can be made until the due date for filing your return, not including extensions.

For more information on contributing qualified settlement income to a traditional or Roth IRA, see chapters 1 and 2 of Publication 590, Individual

Retirement Arrangements (IRAs). For qualified retirement plans, see Publication 575, Pension and Annuity Income.

Rollover of Airline Payments

If you are a qualified airline employee, you may contribute, to a Roth IRA, any portion of an airline payment you receive from a commercial airline carrier involved in certain bankruptcy proceedings. The contribution must be made within 180 days from the date you received the payment, or before June 23, 2009, whichever is later. The contribution will be treated as a qualified rollover contribution and the modified AGI limits that generally apply to Roth IRA rollovers do not apply to airline payments.

For more information and for definitions of qualified airline employees and airline payments, see *Rollover of Airline Payments* in chapter 2 of Publication 590. Also, see Form 8935, Airline Payments Report. This form will be sent to you within 90 days following an airline payment, or by March 23, 2009, whichever is later. The form will indicate the amount of the airline payment that is eligible to be rolled over to a Roth IRA.

Rollovers From Other Retirement Plans to Roth IRAs

Prior to 2008, you could only rollover (convert) amounts from either a traditional, SEP, or SIMPLE IRA into a Roth IRA. After 2007, you can rollover amounts from the following plans into a Roth IRA.

- A qualified pension, profit-sharing or stock bonus plan (including a 401(k) plan);
- An annuity plan;
- A tax-sheltered annuity plan (section 403(b) plan);
- A deferred compensation plan of a state or local government (section 457 plan); or
- An IRA.

Any amount rolled over is subject to the same rules for converting a traditional IRA into a Roth IRA. See *Converting From Any Traditional IRA Into a Roth IRA* in chapter 1 of Publication 590. Also, the rollover contribution must meet the rollover requirements that apply to the specific type of retirement plan.

Military Death Gratuities and Servicemembers' Group Life Insurance (SGLI) Payments

If you received a military death gratuity or SGLI payment, you may contribute all or part of the amount

received to your Roth IRA or to a Coverdell education savings account (ESA). The contribution is treated as a rollover, except that this type of rollover does not count when figuring the annual limit on the number of rollovers allowed.

The amount you can contribute to a Roth IRA or Coverdell ESA under this provision cannot exceed the total amount of such payments that you received because of the death of a person reduced by any part of the amount so received that you have already contributed to a Roth IRA or Coverdell ESA.

Generally, the rollover must be completed before the end of the 1-year period beginning on the date that you received the payment. However, if you received the military death gratuity because of a death due to an injury occurring after October 6, 2001, and before June 17, 2008, you have until June 17, 2009, to make the contribution to your Roth IRA or Coverdell ESA.

The amount contributed is treated as part of your basis (cost) in the Roth IRA or Coverdell ESA.

Qualified Reservist Distributions

Eligibility to receive qualified reservist distributions has been extended to individuals ordered or called to active duty after 2007. The additional 10% tax on early distributions does not apply to these distributions. In addition, a qualified reservist

distribution can be contributed to an IRA within the 2-year period following the active duty period. The dollar limits otherwise applicable to IRA contributions do not apply to any such contribution. For more information on qualified reservist distributions and qualified reservist repayments, see Publication 590.

Tax-Free Withdrawal of Economic Stimulus Payments

You may choose to withdraw an economic stimulus payment that was directly deposited to your traditional or Roth IRA in 2008. If you choose to withdraw any or all of the payment, that portion of the payment is treated as neither contributed nor distributed from your IRA. The amount withdrawn is not included in your income and is not subject to additional tax or penalty. The withdrawal must be made by the due date for filing your 2008 tax return, including extensions. For most people, that would be April 15, 2009.

For more information on reporting these withdrawals, see the instructions for your tax return. Also see chapters 1 and 2 of Publication 590.

2009 Changes

Temporary Waiver of Required Minimum Distributions (RMDs) for 2009

For 2009, you are not required to take an RMD from your IRA or most defined contribution retirement plans. This waiver applies to plan participants as well as to beneficiaries. The waiver also applies to you if you turn 70½ in 2009 and delay your 2009 RMD until April 1, 2010. The waiver does not apply to RMDs for 2008, even if you turned 70½ in 2008 and choose to take the 2008 RMD by April 1, 2009.

For more information on the waiver of RMDs from IRAs, see Publication 590. For more information on the waiver of RMDs from employer-provided qualified retirement plans, see Publication 575.

Modified AGI Limit for Traditional IRA Contributions Increased

For 2009, if you are covered by a retirement plan at work, your deduction for contributions to a traditional IRA is reduced (phased out) if your modified AGI is:

- More than \$89,000 but less than \$109,000 for a married couple filing a joint return or a qualifying widow(er),
- More than \$55,000 but less than \$65,000 for a single individual or head of household, or

- Less than \$10,000 for a married individual filing a separate return.

If you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work, but you are not, your deduction is phased out if your modified AGI is more than \$166,000 but less than \$176,000. If your modified AGI is \$176,000 or more, you cannot take a deduction for contributions to a traditional IRA.

Modified AGI Limit for Retirement Savings Contributions Credit Increased

For 2009, you may be able to claim the retirement savings contributions credit if your modified AGI is not more than:

- \$55,500 if your filing status is married filing jointly,
- \$41,625 if your filing status is head of household, or
- \$27,750 if your filing status is single, married filing separately, or qualifying widow(er).

Modified AGI Limit for Roth IRA Contributions Increased

For 2009, your Roth IRA contribution limit is reduced (phased out) in the following situations.

- Your filing status is married filing jointly or qualifying widow(er) and your modified AGI is at least \$166,000. You cannot make a Roth IRA contribution if your modified AGI is \$176,000 or more.
- Your filing status is single, head of household, or married filing separately and you did not live with your spouse at any time in 2009 and your modified AGI is at least \$105,000. You cannot make a Roth IRA contribution if your modified AGI is \$120,000 or more.
- Your filing status is married filing separately, you lived with your spouse at any time during the year, and your modified AGI is more than -0-. You cannot make a Roth IRA contribution if your modified AGI is \$10,000 or more.

Qualified Plans

The following changes apply to qualified plans. For more information, see Publication 560.

Limits on contributions and benefits. For 2009, the maximum annual benefit for a participant under a defined benefit plan has increased to the smaller of:

- \$195,000, or
- 100% of the participant's average compensation for his or her highest 3 consecutive calendar years.

For 2009, a defined contribution plan's maximum annual contributions and other additions (excluding earnings) to the account of a participant has increased to the smaller of:

- \$49,000, or
- 100% of the compensation actually paid to the participant.

Compensation limit. For 2009, the maximum compensation used for figuring contributions and benefits has increased to \$245,000.

Simplified Employee Pensions (SEPs)

The following changes apply to SEPs. For more information, see Publication 560.

Deduction limit increased. The maximum deduction for contributions to a SEP remains unchanged at 25% of the compensation paid or accrued during the year to your eligible employees participating in the plan. However, for 2009, the maximum combined deduction for a participant's elective deferrals and other SEP contributions has increased to \$49,000.

Contribution limit increased. For 2009, the annual limit on the amount of employer contributions to a SEP has increased to the smaller of:

- \$49,000, or
- 25% of an eligible employee's compensation.

Compensation limit. For 2009, the maximum amount of an employee's compensation you can consider when figuring SEP contributions (including elective deferrals) and the deduction for contributions has increased to \$245,000.

SIMPLE Plans

For 2009, the limit on salary reduction contributions (excluding catch-up contributions) to a SIMPLE plan has increased to \$11,500. For more information, see Publication 560.

403(b) Plans

The following changes apply to 403(b) plans. For more information, see Publication 571.

Limit on elective deferrals. For 2009, the limit on elective deferrals (excluding catch-up contributions) has increased to \$16,500.

Limit on annual additions. For 2009, the limit on annual additions has increased to \$49,000.

4.

Estate and Gift Taxes

2008 Changes

Annual Exclusion for Gifts to Non-U.S. Citizen Spouses Increased

For calendar year 2008, the annual exclusion for gifts made to spouses who are not U.S. citizens will increase to \$128,000.

2009 Changes

Annual Exclusion for Gifts Increased

The annual exclusion for gifts of present interests made to a donee during the calendar year has increased to \$13,000.

The annual exclusion for gifts made to spouses who are not U.S. citizens will increase to \$133,000.

Estate Tax Applicable Exclusion Amount Increased

An estate tax return for a U.S. citizen or resident needs to be filed only if the gross estate exceeds \$3.5 million for decedents dying during 2009.

5.

Excise Taxes

Changes Effective for the first Quarter of 2008

Air Transportation Taxes

For amounts paid during 2008, the tax on use of international air travel facilities will be \$15.40 per person for flights that begin or end in the United States, or \$7.70 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures). For amounts paid for each domestic segment of taxable transportation of persons by air, the domestic segment tax is \$3.50 per segment for transportation that begins in 2008.

Arrow Shafts

The tax on arrow shafts (IRS No. 106) is \$.43 per arrow shaft.

Dyed Diesel Fuel Used in Trains

The train operator is no longer liable for the leaking underground storage tank (LUST) tax on dyed diesel fuel used in trains. IRS No. 71 has been removed from Form 720, Quarterly Federal Excise Tax Return.

The position holder of the dyed diesel fuel generally is liable for the LUST tax under IRS No. 105.

Inland Waterways Fuel Use Tax

Generally, the inland waterways fuel use tax is \$.20 (IRS No. 64). However, the LUST tax (IRS No. 125) must be paid on any liquid fuel used on inland waterways that is not subject to LUST tax under section 4041(d) or 4081. For example, gallons of Bunker C fuel oil must be reported under both IRS Nos. 64 and 125.

Disregarded Entities and Qualified Subchapter S Subsidiaries (QSubs)

After 2007, qualified subchapter S subsidiaries (QSubs) and eligible single-owner disregarded entities are treated as separate entities for certain excise tax and related reporting purposes. QSubs and eligible single-owner disregarded entities must pay and report excise taxes (other than IRS Nos. 31, 51, and 117), register for excise tax activities, and claim any refunds, credits, and payments under the entity's EIN. These actions cannot take place under the owner's taxpayer identification number (TIN). Some QSubs and disregarded entities may already have an EIN. However, if you are unsure, please call the IRS Business and Specialty Tax Line at 1-800-829-4933. Generally, QSubs and eligible single-owner

disregarded entities will continue to be treated as disregarded entities for other federal tax purposes. Thus, taxpayers filing Form 4136, Credit for Federal Tax Paid on Fuels, with Form 1040 can use the owner's TIN. For more information on these new regulations, see Treasury Decision 9356. You can find Treasury Decision 9356, 2007-39 I.R.B. 675, available at www.irs.gov/irb/2007-39_IRB/ar04.html.

Changes Effective for the Fourth Quarter of 2008

Arrow Shafts

After October 3, 2008, the tax does not apply to any shaft made of all natural wood with no laminations or artificial means of enhancing the spine of such shaft (whether sold separately or incorporated as part of a finished or unfinished product) and used in the manufacture of any arrow that after its assembly meets both of the following conditions.

- It measures 5/16 of an inch or less in diameter.
- It is not suitable for use with a taxable bow.

Alternative Fuel Credit and Alternative Fuel Mixture Credit

You may be eligible to claim the alternative fuel credit and alternative fuel mixture credit for compressed gas derived from biomass and liquefied gas derived from biomass sold or used after October 3, 2008.

Alternative Fuel Used in Aviation

You can claim the alternative fuel credit for alternative fuel sold after October 3, 2008, for use as a fuel in aviation.

Credits for Fuel Limited to Fuels with Connection to the United States

After May 14, 2008, the alcohol fuel credit, alcohol fuel mixture credit, biodiesel credit, biodiesel mixture credit, alternative fuel credit, and alternative fuel mixture credit may not be claimed for alcohol, biodiesel, and alternative fuel that is produced outside the United States for use as a fuel outside the United States. The United States includes any possession of the United States.

Liquefied Gas Derived From Biomass

Liquefied gas derived from biomass sold or used after October 3, 2008, is taxable at \$.184 per gallon. You are liable for tax on liquefied gas derived from biomass that is delivered into the fuel supply tank of a

motor vehicle or motorboat and on certain bulk sales. Report this tax under IRS No. 79.

You can make a claim for nontaxable use of liquefied gas derived from biomass on Schedule C (Form 720) or Schedule 1 (Form 8849) at \$.183 per gallon.

Renewable Diesel

After October 3, 2008, renewable diesel does not include any fuel derived from co-processing biomass (as defined in section 45K(c)(3)) with a feedstock that is not biomass.

Retail Tax

You can exclude the cost of certain idling reduction de-vices and insulation sold or installed after October 3, 2008, from the sales price of the taxable vehicle.

Changes Effective for the First Quarter of 2009

Alcohol Fuel Mixture Credit

The claim rate for alcohol fuel mixtures containing ethanol is \$.45 per gallon.

Air Transportation Taxes

For amounts paid during 2009, the tax on use of international air travel facilities will be \$16.10 per

person for flights that begin or end in the United States, or \$8.00 per person for domestic segments that begin or end in Alaska or Hawaii (applies only to departures). For amounts paid for each domestic segment of taxable transportation of persons by air, the domestic segment tax is \$3.60 per segment for transportation that begins in 2009.

Arrow Shafts

The tax on arrow shafts (IRS No. 106) is \$.45 per arrow shaft.

Biodiesel Mixture Credit

The claim rate for biodiesel mixtures is \$1.00 per gallon.

Oil Spill Liability Tax

The oil spill liability tax (IRS Nos. 18 and 21) is \$.08 per barrel.

Renewable Diesel Requirements

Renewable diesel used to produce a renewable diesel mixture must be derived from biomass, meet ASTM D975, D396, or other equivalent standard approved by the IRS, and meet EPA's registration requirements for fuels and fuel additives under section 211 of the Clean Air Act. Renewable diesel also includes fuel derived from biomass that meets a

Department of Defense specification for military jet fuel or an ASTM specification for aviation turbine fuel. For a renewable diesel mixture used in aviation, kerosene is treated as diesel fuel.

Qualified Methanol and Ethanol Produced From Coal

The tax on qualified methanol and ethanol produced from coal (IRS No. 79) is \$.184 per gallon.

Changes Effective for the Fourth Quarter of 2009

Carbon Capture Requirement

A credit for liquid fuel derived from coal (including peat) through the Fischer-Tropsch process can be claimed only if the fuel is derived from coal produced at a gasification facility that separates and sequesters not less than the following percentage of the facility's total carbon dioxide emissions.

- 50% for fuel produced after September 30, 2009, and before December 31, 2009.
- 75% for fuel produced after 2009.

6.

Foreign Issues

2008 Changes

Foreign Earned Income and Housing Exclusions

Exclusion amount. For 2008, the maximum foreign earned income exclusion has increased to \$87,600.

Housing expenses-base amount. The base housing amount has increased to \$38.30 per day, or \$14,016 for an entire calendar year.

Exemption for Certain Distributions From Mutual Funds Extended

The exemption from 30% tax on certain interest-related dividends and short-term capital gain dividends received from a mutual fund or other regulated investment company has been extended 2 years. It now applies to dividends for tax years of the company beginning before 2010. See *Dividend Income* in chapter 3 of Publication 519, U.S. Tax Guide for Aliens.

New Rules for Former U.S. Citizens and Former Long-Term Residents

If you expatriated after June 16, 2008, new expatriation rules apply to you if any of the following statements apply.

- Your average annual net income tax for the 5 years ending before the date of expatriation or termination of residency is more than \$139,000 (if you expatriated or terminated residency before 2009).
- Your net worth is \$2 million or more on the date of your expatriation or termination of residency.
- You fail to certify on Form 8854 that you have complied with all U.S. federal tax obligations for the 5 years preceding the date of your expatriation or termination of residency.

Note. If you expatriated before June 17, 2008, the expatriation rules in effect at that time continue to apply.

See chapter 4 in Publication 519 for more information.

Withholding on Foreign Partners

A foreign partner can provide to a partnership a certification to reduce or eliminate the partnership's withholding tax obligation under section 1446 on the

partner's allocable share of effectively connected taxable income from the partnership. Any certificate (including any updated certificates and status reports) submitted, or required to be submitted, after July 28, 2008, must comply with Regulations section 1.1446-6.

The foreign partner must use Form 8804-C, Certificate of Partner-Level Items to Reduce Section 1446 Withholding. The partner gives the form to the partnership. For more information, including when the partnership has to file the form with the IRS, see the Instructions for Form 8804-C.

U.S. Real Property Interests

For dispositions of U.S. real property interests after July 30, 2008, transferors can give a nonforeign certification to a qualified substitute. Qualified substitutes are explained in Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, under *U.S. Real Property Interest*.

Generally, the treatment of a regulated investment company (RIC) as a qualified investment entity (QIE) was scheduled to expire at the end of 2007. The provision has been extended through 2009. The special rules that apply to distributions from a QIE attributable to the gain from the sale or exchange of a U.S. real property interest will continue to apply to any distribution from a RIC. See *Qualified investment*

entities under U.S. Real Property Interest in Publication 515.

2009 Changes

Foreign Earned Income and Housing Exclusions

Exclusion amount. For 2009, the maximum foreign earned income exclusion has increased to \$91,400.

Housing expenses-base amount. For 2009, the base housing amount has increased to \$40.07 per day, or \$14,624 for the entire calendar year.

New Treaties and Protocol

The United States has exchanged instruments of ratification for new income tax treaties with Bulgaria and Iceland and a new protocol to the income tax treaty with Canada. The effective dates are as follows:

Bulgaria. The provisions for withholding tax at source are effective for amounts paid or credited after 2008. For other taxes, the treaty is effective for tax periods beginning after 2008.

Canada. The provisions for withholding tax at source are generally effective for amounts paid or credited after January 31, 2009. For other taxes, the

protocol is generally effective for tax periods beginning after 2008.

Iceland. The provisions for withholding tax at source are effective for amounts derived after 2008. For other taxes, the new treaty is effective for tax years beginning after 2008. An individual who was otherwise entitled to benefits under Article 21 (Teachers) of the former treaty can continue to apply those provisions. A person entitled to benefits under the former treaty can elect to have that treaty apply in its entirety for a twelve-month period following the date the new treaty would otherwise apply.

7.

How To Get Tax Help

You can get help with unresolved tax issues, order free publications and forms, ask tax questions, and get information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Contacting your Taxpayer Advocate. The Taxpayer Advocate Service (TAS) is an independent organization within the IRS whose employees assist taxpayers who are experiencing economic harm, who are seeking help in resolving tax problems that have not been resolved through normal channels, or who believe that an IRS system or procedure is not working as it should.

You can contact the TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059 to see if you are eligible for assistance. You can also call or write your local taxpayer advocate, whose phone number and address are listed in your local telephone directory and in Publication 1546, Taxpayer Advocate Service-Your Voice at the IRS. You can file Form 911, Request for Taxpayer Advocate Service Assistance (And Application for Taxpayer Assistance Order), or ask an

IRS employee to complete it on your behalf. For more information, go to www.irs.gov/advocate.

Low Income Taxpayer Clinics (LITCs). LITCs are in-dependent organizations that provide low income taxpayers with representation in federal tax controversies with the IRS for free or for a nominal charge. The clinics also provide tax education and outreach for taxpayers who speak English as a second language. Publication 4134, Low Income Taxpayer Clinic List, provides information on clinics in your area. It is available at www.irs.gov or your local IRS office.

Free tax services. To find out what services are available, get Publication 910, IRS Guide to Free Tax Services. It contains lists of free tax information sources, including publications, services, and free tax education and assistance programs. It also has an index of over 100 TeleTax topics (recorded tax information) you can listen to on your telephone.

Accessible versions of IRS published products are available on request in a variety of alternative formats for people with disabilities.



Internet. You can access the IRS website at www.irs.gov 24 hours a day, 7 days a week to:

- *E-file* your return. Find out about commercial tax preparation and *e-file* services available free to eligible taxpayers.
- Check the status of your 2008 refund. Go to www.irs.gov and click on *Where's My Refund*. Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2008 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund.
- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications online by topic or keyword.
- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Figure your withholding allowances using the with-holding calculator online at www.irs.gov/individuals.

- Determine if Form 6251 must be filed by using our Alternative Minimum Tax (AMT) Assistant.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a small business.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-829-3676 to order current-year forms, instructions, and publications, and prior-year forms and instructions. You should receive your order within 10 days.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *Solving problems.* You can get face-to-face help solving tax problems every business day in IRS Taxpayer Assistance Centers. An employee can explain IRS letters, request adjustments to your account, or help you set up a payment plan. Call your local Taxpayer Assistance Center for an appointment. To find the number, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.

- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.
- *Refund information.* To check the status of your 2008 refund, call 1-800-829-1954 during business hours or 1-800-829-4477 (automated refund information 24 hours a day, 7 days a week). Wait at least 72 hours after the IRS acknowledges receipt of your e-filed return, or 3 to 4 weeks after mailing a paper return. If you filed Form 8379 with your return, wait 14 weeks (11 weeks if you filed electronically). Have your 2008 tax return available so you can provide your social security number, your filing status, and the exact whole dollar amount of your refund. Re-funds are sent out weekly on Fridays. If you check the status of your refund and are not given the date it will be issued, please wait until the next week before checking back.
- *Other refund information.* To check the status of a prior year refund or amended return refund, call 1-800-829-1954.

Evaluating the quality of our telephone services. To ensure IRS representatives give accurate, courteous, and professional answers, we use several methods to evaluate the quality of our telephone services. One method is for a second IRS representative to listen in on or record random telephone calls. Another is to ask some callers to complete a short survey at the end of the call.



Walk-in. Many products and services are available on a walk-in basis.

- *Products.* You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Some IRS offices, libraries, grocery stores, copy centers, city and county government offices, credit unions, and office supply stores have a collection of products available to print from a CD or photocopy from reproducible proofs. Also, some IRS offices and libraries have the Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for re-search purposes.
- *Services.* You can walk in to your local Taxpayer Assistance Center every business day for personal, face-to-face tax help. An employee can explain IRS letters, request adjustments to your tax account, or help you set up a payment

plan. If you need to resolve a tax problem, have questions about how the tax law applies to your individual tax return, or you are more comfortable talking with someone in person, visit your local Taxpayer Assistance Center where you can spread out your records and talk with an IRS representative face-to-face. No appointment is necessary—just walk in. If you prefer, you can call your local Center and leave a message requesting an appointment to resolve a tax account issue. A representative will call you back within 2 business days to schedule an in-person appointment at your convenience. If you have an ongoing, complex tax account problem or a special need, such as a disability, an appointment can be requested. All other issues will be handled without an appointment. To find the number of your local office, go to www.irs.gov/localcontacts or look in the phone book under *United States Government, Internal Revenue Service*.



Mail. You can send your order for forms, instructions, and publications to the address below. You should receive a response within 10 days after your request is received.

Internal Revenue Service
National Distribution Center
1201 N. Mitsubishi Motorway
Bloomington, IL 61705-6613



DVD for tax products. You can order Publication 1796, IRS Tax Products DVD, and obtain:

- Current-year forms, instructions, and publications.
- Prior-year forms, instructions, and publications.
- Tax Map: an electronic research tool and finding aid.
- Tax law frequently asked questions.
- Tax Topics from the IRS telephone response system.
- Internal Revenue Code-Title 26 of the U.S. Code.
- Fill-in, print, and save features for most tax forms.
- Internal Revenue Bulletins.
- Toll-free and email technical support.
- Two releases during the year.
 - The first release will ship the beginning of January 2009.

— The final release will ship the beginning of March 2009.

Purchase the DVD from National Technical Information Service (NTIS) at www.irs.gov/cdorders for \$30 (no handling fee) or call 1-877-233-6767 toll free to buy the DVD for \$30 (plus a \$6 handling fee).



Small Business Resource Guide 2009. This online guide is a must for every small business owner or any taxpayer about to start a business.


This year's guide includes:

- Helpful information, such as how to prepare a business plan, find financing for your business, and much more.
- All the business tax forms, instructions, and publications needed to successfully manage a business.
- Tax law changes for 2009.
- Tax Map: an electronic research tool and finding aid.
- Web links to various government agencies, business associations, and IRS organizations.
- "Rate the Product" survey—your opportunity to suggest changes for future editions.

- A site map of the guide to help you navigate the pages with ease.
- An interactive "Teens in Biz" module that gives practical tips for teens about starting their own business, creating a business plan, and filing taxes.

The information is updated during the year. Visit www.irs.gov and enter keyword "SBRG" in the upper right-hand corner for more information.

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 To help us develop a more useful index, please let us know if you have ideas for index entries. See “Comments and Suggestions” in the “Introduction” for the ways you can reach us.

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