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## JUNE 2008 – ESTIMATE REMINDER LETTER & TAX UPDATE

### 2<sup>nd</sup> QUARTER ESTIMATED TAX PAYMENTS (due Monday, June 16, 2008)

For those individuals who make quarterly estimated income tax payments, your 2<sup>nd</sup> federal and state payments are due on or before **Monday, June 16, 2008**.

### ZERO TAX ON LONG-TERM CAPITAL GAINS & DIVIDEND INCOME

Beginning in 2008 and continuing through 2010, a zero tax rate applies to most long-term capital gains (ex: gains on stock sales) and dividend income that would otherwise be taxed at the regular 15% (or 10%) tax rate for a non-corporate taxpayer. The amount of income taxed at 0% depends on a taxpayer's filing status, taxable income, and how much of that taxable income consists of long-term capital gain and qualifying dividend income.

### IMPORTANT NEWS FOR EMPLOYERS

**TRIPLE DAMAGES** - On April 14, 2008, Massachusetts Senate Bill 1059 (S1059) was enacted mandating triple damages for ALL violations of Massachusetts Wage and Hour Laws. The law will become effective July 13, 2008. Previously, triple damages were available only in cases in which the court concluded that an employer had willfully and intentionally committed an infraction. Enclosed is a summary of the Mass Wage and Hour Laws.

**INDEPENDENT CONTRACTORS** - Also, the state is planning to attack the problem of employers classifying workers as independent contractors instead of properly classifying them as employees (in order to avoid paying withholding taxes, workers compensation, and unemployment insurance) with a coordinated, statewide compliance campaign and stepped-up enforcement. **EMPLOYERS MAY WANT TO REVIEW THEIR LABOR PRACTICES ASAP!!**

### ECONOMIC STIMULUS ACT OF 2008

**REBATE CHECKS** - Signed by the President on Feb. 13, 2008, this Act was designed to put extra cash into the hands of most Americans to help boost the sagging economy. Call us or go to [www.irs.gov](http://www.irs.gov) to calculate the rebate amount you are entitled to. The rebate checks will NOT be included as taxable income for the year 2008 and they will NOT reduce any standard, calculated 2008 income tax refunds.

**INCREASED DEPRECIATION FOR BUSINESSES** - The Economic Stimulus Act also includes the option for businesses to currently deduct up to \$250,000 (up from \$128,000) of the cost of machinery and equipment for the tax year 2008 only. In addition, businesses may take an extra "bonus" depreciation deduction for the first year certain property is placed in service.

### OTHER NEW TAX ACTS

**Heartland, Habitat, Harvest and Horticultural Act of 2008/Food, Conservation, and Energy Act of 2008 (the 2008 Farm Act)** – enacted May 22, 2008 - includes specialized tax breaks for the farming industry.

**Heroes Act of 2008** – approved by the House and Senate in May and expected to be signed by the President – provides targeted tax relief for members of the military and their families (plus miscellaneous relief measures for volunteer firefighters and liberalized home sale exclusion rules for certain taxpayers).

### \*\*\*\* FIRM NEWS \*\*\*\*

I am pleased to announce that **Sue Tarasiak** has joined my practice on a full-time basis. Previously, Sue worked at my office on a part-time basis (in addition to working with a local financial advisor). Sue is available to assist clients with various accounting, tax, and bookkeeping issues. She specializes in **Quickbooks** and provides on-going bookkeeping assistance and training to a variety of businesses and owners of rental real estate. Sue's email is [sue@brendacpa.com](mailto:sue@brendacpa.com).

**DISCLAIMER REGARDING TAX ADVICE PER IRS CIRCULAR 230, DISCLOSURE:** To ensure compliance with requirements imposed by the IRS, this is to inform you that, to the extent that this communication (including any attachments) includes any tax advice, it is not intended or written to be used, and cannot be used or relied on, by the recipient or any other party for the purpose of 1) avoiding penalties that may be imposed by the Internal Revenue Code or 2) promoting, marketing or recommending to another party any transaction or matter communicated to you.