

# ***Buxmont Accountant***

*Buxmont Chapter*

*PA Society of Public Accountants*

**November 2008**

## Inside this issue:

President's Note	1
Chapter Meeting	1
Free Edition of TaxBook	1
Free Tax Reseach Service	2
Pension Plan 2009	3
Form 990	3
Depreciation	3
Tax Brackets and Benefits 2009	3
Retirement Age Regulations	3
Federal Energy Efficiency Credits - 2009	3
Gear-up Seminars	4
Meetings	4



## E-Mail & Address Changes

Don't miss out on important information regarding upcoming seminars and chapter meetings because you didn't let us know of an email or address change. Notify us of any changes via email at: **info@pspabuxmont.org**



## **FREE SEMINAR DRAWING**

Congratulations!  
**Dennis Markowitz**

The winner of a free one day seminar of their choice at the drawing held at the **October** business meeting. The Buxmont Chapter holds a drawing for a free seminar at the conclusion of every business meeting.

## PRESIDENT'S NOTE

Dear Fellow Buxmont Members,

November is a past, present and future month. We remember past holidays, family and friends.

The present is voting for the candidates of your choice.

The future is obtaining your CPE (GEAR UP 1040) .

May be you all be inscribed in the Book of Life. God bless and have a Happy Thanksgiving.

Sincerely,

**Frank Corso**

President Buxmont Chapter

## NOVEMBER MEETING

### ANNUAL ETHICS AND IRS UPDATE

Next meeting is scheduled for Tuesday, November 25, 2008

Speaker: Richard Furlong

Place: Williamson's Restaurant  
Willow Grove, PA

Meeting: 7:00-9:00 PM

Dinner: 6:00—7:00 PM

Must pre-register for dinner reservation.

Please complete and mail the registration form with payment.

**Deadline for registration is Wednesday, November 19 2008**

"Meeting Only" Registrants at the door will be subject to a \$5.00 surcharge.

## REMEMBER, IT IS YOUR RESPONSIBILITY TO CONFIRM THE CHAPTER HAS YOUR RESERVATION

To review the registration list, go to: [www.buxmontpspa.eboard.com](http://www.buxmontpspa.eboard.com) and look at registrants under the meeting tab.

## **Free 1040 Edition of the TaxBook**

Please remember that the first 100 Buxmont Members to register for the January 2009 Dinner Meeting will receive a free 1040 edition of the TaxBook. Your check must accompany each registration form in order to qualify. Faxing a registration form will not be counted until your check is received.

## **Free Tax Research Service Drawing**

Members attending all seven chapter business meetings qualify to enter the drawing for a reimbursement of \$400 on the Tax Research Service of their choice. Winners were awarded in October. Everyone qualifying also receives a Business TaxBook. The winners are:

- |                   |                      |
|-------------------|----------------------|
| 1. Frank Corso    | 4. Robert Freeman    |
| 2. Barbara Graham | 5. Richard Landgreen |
| 3. Alan Katz      | 6. Mark Poppel       |

## Welcome New Members



Kimberly Zisa  
Yardley, PA

Angela Nelson  
Willow Grove, PA

Rona Landgreen  
Lansdale, PA

contributions to an applicable employer plan other than a plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over is increased from \$5,000 to \$5,500. The dollar limitation under Section 414(v)(2)(B)(ii) for catch-up contributions to an applicable employer plan described in Section 401(k)(11) or Section 408(p) for individuals aged 50 or over remains unchanged at \$2,500.

- The annual compensation limitation under Section 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, 1993, allowed cost-of-living adjustments to the compensation limitation under the plan under Section 401(a)(17) to be taken into account, is increased from \$345,000 to \$360,000.
- The compensation amount under Section 408(k)(2)(C) regarding simplified employee pensions (SEPs) is increased from \$500 to \$550.

- The limitation under Section 408(p)(2)(E) regarding SIMPLE retirement accounts is increased from \$10,500 to \$11,500.

- The limitation on deferrals under Section 457(e)(15) concerning deferred compensation plans of state and local governments and tax-exempt organizations is increased from \$15,500 to \$16,500.

- The compensation amounts under Section 1.61-21(f)(5)(i) of the Income Tax Regulations concerning the definition of "control employee" for fringe benefit valuation purposes is increased from \$90,000 to \$95,000. The compensation amount under Section 1.61-21(f)(5)(iii) is increased from \$185,000 to \$195,000.

- The limitation on wages under Section 45A regarding individuals eligible for the Indian employment credit is \$40,000 for tax years beginning in 2008 and will increase to \$45,000 for tax years beginning in 2009. The termination date of section 45A was recently extended from Dec. 31, 2007, to Dec. 31, 2009, by Section 314 of Division C of the Emergency Economic Stabilization Act of 2008, P.L. 110-343.

The Code also provides that several pension-related amounts are to be adjusted using the cost-of-living adjustment under Section 1(f)(3). These dollar amounts and the adjustments are as follows:

- The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for married taxpayers filing a joint return is increased from \$32,000 to \$33,000; the limitation under Section 25B(b)(1)(B) is increased from \$34,500 to \$36,000; and the limitation under Sections 25B(b)(1)(C) and 25B(b)(1)(D), from \$53,000 to \$55,500.

- The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for taxpayers filing as head of household is increased from \$24,000 to \$24,750; the limitation under Section 25B(b)(1)(B) is increased from \$25,875 to \$27,000; and the limitation under Sections 25B(b)(1)(C) and 25B(b)(1)(D), from \$39,750 to \$41,625.

- The adjusted gross income limitation under Section 25B(b)(1)(A) for determining the retirement savings contribution credit for all other taxpayers is increased from \$16,000 to \$16,500; the limitation under Section 25B(b)(1)(B) is increased from \$17,250 to \$18,000; and the limitation under Sections 25B(b)(1)(C) and 25B(b)(1)(D), from \$26,500 to \$27,750.

- The applicable dollar amount under Section 219(g)(3)(B)(i) for determining the deductible amount of an IRA contribution for taxpayers who are active participants filing a joint return or as a qualifying widow(er) is increased from \$85,000 to \$89,000. The applicable dollar amount under Section 219(g)(3)(B)(ii) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$53,000 to \$55,000. The applicable dollar amount under Section 219(g)(7)(A) for a taxpayer who is not an active participant but whose spouse is an active participant is increased from \$159,000 to \$166,000.

## Pension Plan Limitations for 2009

The Internal Revenue Service today announced cost-of-living adjustments applicable to dollar limitations for pension plans and other items for tax year 2009.

Section 415 of the Internal Revenue Code provides for dollar limitations on benefits and contributions under qualified retirement plans. It also requires that the Commissioner annually adjust these limits for cost-of-living increases.

Many of the pension plan limitations will change for 2009 because the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, for others, the limitation will remain unchanged. For example, the limitation under Section 402(g)(1) on the exclusion for elective deferrals described in Section 402(g)(3) is increased from \$15,500 to \$16,500. This limitation affects elective deferrals to Section 401(k) plans and to the federal government's Thrift Savings Plan, among other plans.

Effective Jan. 1, 2009, the limitation on the annual benefit under a defined benefit plan under Section 415(b)(1)(A) is increased from \$185,000 to \$195,000. For participants who separated from service before Jan. 1, 2009, the limitation for defined benefit plans under Section 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2008, by 1.0530.

The limitation for defined contribution plans under Section 415(c)(1)(A) is increased from \$46,000 to \$49,000.

The Code provides that various other dollar amounts are to be adjusted at the same time and in the same manner as the dollar limitation of Section 415(b)(1)(A). These dollar amounts and the adjusted amounts are as follows:

- The limitation under Section 402(g)(1) on the exclusion for elective deferrals described in Section 402(g)(3) is increased from \$15,500 to \$16,500.
- The annual compensation limit under Sections 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) is increased from \$230,000 to \$245,000.
- The dollar limitation under Section 416(i)(1)(A)(i) concerning the definition of key employee in a top-heavy plan is increased from \$150,000 to \$160,000.
- The dollar amount under Section 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan subject to a 5-year distribution period is increased from \$935,000 to \$985,000, while the dollar amount used to determine the lengthening of the 5-year distribution period is increased from \$185,000 to \$195,000.
- The limitation used in the definition of highly compensated employee under Section 414(q)(1)(B) is increased from \$105,000 to \$110,000.
- The dollar limitation under Section 414(v)(2)(B)(i) for catch-up

- The adjusted gross income limitation under Section 408A(c)(3)(C)(ii)(I) for determining the maximum Roth IRA contribution for married taxpayers filing a joint return or for taxpayers filing as a qualifying widow(er) is increased from \$159,000 to \$166,000. The adjusted gross income limitation under Section 408A(c)(3)(C)(ii)(II) for all other taxpayers (other than married taxpayers filing separate returns) is increased from \$101,000 to \$105,000.

Administrators of defined benefit or defined contribution plans that have received favorable determination letters should not request new determination letters solely because of yearly amendments to adjust maximum limitations in the plans.

### Form 990

[IR-2008-119](#) The IRS has redesigned Form 990 to reflect significant changes that have taken place in the tax law and the tax-exempt sector. Organizations and their preparers will want to tune in to learn about the new form and instructions so that they fully understand how the changes affect the filing process. The new form will be filed in 2009 for the 2008 tax year. Organizations may also want to reassess if their internal systems need to be updated to reflect the new reporting requirements. The IRS has a special Web page on the [Form 990 redesign and background documents](#).

### Depreciation

[Revenue Procedure 2008-65](#) provides guidance under section 168(k)(4) of the Code, as added by the Housing and Economic Recovery Act of 2008, regarding the election not to claim the 50-percent additional first year depreciation for certain new property acquired after March 31, 2008, and generally placed in service before January 1, 2009, and instead increase the business credit limitation under section 38(c) or alternative minimum tax credit limitation under section 53(c).

Revenue Procedure 2008-65 will be IRB- 2008-44, dated is November 3, 2008.

### Widen Tax Brackets and Expand Tax Benefits

[Revenue Procedure 2008-66](#) For 2009, personal exemptions and standard deductions will rise and tax brackets will widen because of inflation adjustments announced today by the Internal Revenue Service.

By law, the dollar amounts for a variety of tax provisions must be revised each year to keep pace with inflation. As a result, more than three dozen tax benefits, affecting virtually every taxpayer, are being adjusted for 2009. Key changes affecting 2009 returns, filed by most taxpayers in early 2010, include the following:

- The value of each personal and dependency exemption, available to most taxpayers, is \$3,650, up \$150 from 2008.
- The new standard deduction is \$11,400 for married couples filing a joint return (up \$500), \$5,700 for singles and married individuals filing separately (up \$250) and \$8,350 for heads of

household (up \$350). Nearly two out of three taxpayers take the standard deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions and state and local taxes.

- Tax-bracket thresholds increase for each filing status. For a married couple filing a joint return, for example, the taxable-income threshold separating the 15-percent bracket from the 25-percent bracket is \$67,900, up from \$65,100 in 2008.
- The maximum earned income tax credit for low and moderate income workers and working families with two or more children is \$5,028, up from \$4,824. The income limit for the credit for joint return filers with two or more children is \$43,415, up from \$41,646.
- The annual gift exclusion rises to \$13,000, up from \$12,000 in 2008.

Information about the pension and retirement plan-related changes can be found in IR-2008-118. Other inflation adjustments are described in.

### Retirement Age Regulations

[Notice 2008-98](#) provides that the IRS and Treasury intend to amend the normal retirement age regulations to change the effective date for governmental plans to plan years beginning on or after January 1, 2011. This will give governmental plans two additional years to comply with the requirements in the normal retirement age regulations.

Notice 2008-98 will be in IRB 2008-44, dated November 3, 2008.

### Federal Energy Efficiency Credits - 2009

#### Reduce Home Energy Costs AND Taxes

New energy efficiency tax credits will allow homeowners to lower both their monthly home energy bills *and* their federal income taxes in 2009 as they contend with escalating winter energy prices, the Alliance to Save Energy said. Using the tax credits of up to \$500 to make specific energy efficiency home improvements also can make homes more comfortable and reduce air pollution and greenhouse gas emissions, the Alliance noted.

The tax credits were enacted as part of the Emergency Economic Stabilization Act of 2008 (H.R. 1424), which the president signed on October 3, 2008. They are largely the same as those that were in effect in 2006 and 2007, with some new criteria for qualifying products and equipment. Details are on the Alliance to Save Energy website at [www.ase.org/taxcredits](http://www.ase.org/taxcredits).

The Alliance consulted the Internal Revenue Service to confirm that taxpayers who claimed less than the total \$500 credit in 2006 and/or 2007 can claim the unused portion in 2009. However, the Alliance strongly urges taxpayers who want to file for part or all of the new energy tax credits to consult their own tax advisors for specific advice.

## Buxmont Chapter Officers, Committees and Directors

### President

Frank L. Corso, CPA  
215-632-3064

### First Vice President

Barbara M. Thomas, CPA  
215-579-6250

### Second Vice President

Clare M. Shaw, CPA  
215-860-1199

### Treasurer

Marilyn Banyai, CPA  
610-489-6644

### Secretary

Albert E. Schilling  
215-628-2328

### Education Committee

Irving Braunstein, EA  
215-757-5555

### Membership Committee

Magdalena Ammann, EA  
215-672-9949

### Newsletter Committee

Gita Faust, QuickBooks Pro  
215-579-1465

### Scholarship Committee

Howard R. Matter, PA  
215-675-0262

### Sunshine Committee

Toni Severns  
215-637-2008

### Web Site

Richard Brasch Jr., CPA  
215-715-8377

### Board of Directors

Michael H. Agin, CPA  
Lamont Anderson, PA  
Gunther Blob (Emeritus)  
Richard Brasch, Jr. CPA  
Irving Braunstein, EA  
Jeffrey J. Cohen, EA  
Charles H. Dawicki, CPA  
John Komarnicki, CPA  
M. Michael Lerner, PA  
Howard R. Matter, PA  
Willy Seman (Emeritus)



Serving the Public Accounting Profession for over 50 years

**Buxmont Chapter  
PA Society of  
Public  
Accountants**

**2418 Bristol Road  
Bensalem, PA 19020**

**Phone: 215-757-5555**

**Fax: 215-757-5777**

E-mail Address:

[info@PSPABuxmont.org](mailto:info@PSPABuxmont.org)



**"Registration forms for  
all seminars  
can be printed  
directly from our web  
page"**

**The Buxmont  
Accountant**

is published by the  
Buxmont Chapter of the  
Pennsylvania Society of  
Public Accountants.

**Editor**

Gita Faust

Phone: 215-579-1465

Fax: 888-390-6542

**Associate Editor**

Irving Braunstein, EA

Phone: 215-757-5555

Fax: 215-757-5777

## Chapter Profile

The Buxmont Chapter is the PA Society of Public Accountants' largest chapter, representing over four hundred Certified Public Accountants, Public Accountants, Enrolled Agents and tax practitioners in the Bucks and Montgomery Counties of Southeastern PA. If you are a small practitioner in search of an organization interested in your needs, you'll want to consider the Pennsylvania Society of Public Accountants.

## Chapter Meetings

Meetings are generally held on the fourth Tuesday of the month at Williamson's Restaurant, Route 611 & Blair Mill Rd, in Willow Grove, PA (unless otherwise noted)

<b>Dinner &amp; Meeting:(2 Hr.)</b>	<b>Member \$25.00</b>	<b>Non-member: \$49.00</b>
<b>Dinner &amp; Meeting:(4 Hr.)</b>	<b>Member \$35.00</b>	<b>Non-member: \$59.00</b>
<b>Meeting Only: (2 Hr.)</b>	<b>Member \$15.00</b>	<b>Non-member: \$39.00</b>
<b>Meeting Only: (4 Hr.)</b>	<b>Member \$25.00</b>	<b>Non-member: \$49.00</b>

## 2008 Gear-UP Seminar Programs

Seminars are held at the Radisson Hotel located at 2400 Old Lincoln Highway, Trevose, PA (1/4 mile south of PA Turnpike Interchange 351)

- ◆ 1040—16 CPE Hours Tax  
Thursday & Friday, December 4 & 5, 2008



## 2008 Chapter Program Schedule

- ◆ Annual Ethics and IRS Update - 2 HR CPE  
Richard Furlong, IRS  
Tuesday, November 25, 2008
- ◆ Fraud - 2 HR CPE A&A  
Martin Moran, PNC Bank  
Tuesday, December 16, 2008
- ◆ Federal Reserve - 2 HR CPE Tax  
Herb Taylor  
Tuesday, January 27, 2009