



The RoCo Times

FIRST TIME HOME BUYERS

Special Dates of Interest

- September 1—Labor Day, Office closed.
- September 15th—Third quarter installment of 2008 individual estimated income tax is due.
- October 1—Generally, the deadline for self-employed and small businesses to establish SIMPLE retirement plans for 2007.
- October 15—Deadline for 2007 individual and partnership returns on extension.

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A happy family is like a baseball team-with Mom pitching, Dad catching, the kids fielding, and everyone taking a turn at bat.

AUTHOR UNKNOWN

- The Housing and Economic Recovery Act of 2008, passed on July 30, 2008 to provide financial stability to the troubled housing market and tax relief to homeowners and home buyers. The law gives first-time home buyers a refundable tax credit up to \$7,500 that must be paid back over 15 years. The credit phases out for singles with incomes over \$75,000 (\$150,000 for couples) and is available for homes purchases from April 9, 2008 through June 30, 2009.



- A taxpayer is considered a first-time homebuyer if you had no ownership interest in a principal residence in the United States during the past 3 years.
- Because the credit must be paid back, it is more like an interest free loan from an “uncle” to help with the first time home buyers’ down payment.

Another provision of the Act gives homeowners an additional standard deduction for real property taxes in 2008. The maximum deduction is \$500 for singles and \$1,000 for joint filers

The State of California has an excellent website to help with ‘First Time Mortgage Home Loans’.



- CalHFA Conventional Home Loans.
- Government Insured/Guaranteed Loans.
- Real Estate Owned (REO) Loan Programs and
- Down Payment Assistance Loan Programs.

You can find all this information at:

www.calhfa.ca.gov

ATCAA is also another good resource for Consumer Home Mortgage Information. Their contact number is 533-1397 extension 231.

IRS RAISES STANDARD MILEAGE RATES



The standard mileage rates provide taxpayers with an IRS-approved recordkeeping shortcut for deducting expenses for business, medical, and moving driving. The rates are adjusted annually based on operating costs for vehicles. When costs rise dramatically during the year, the IRS considers a midyear change.

With gas prices soaring, the IRS has announced an increase in the standard mileage rates that taxpayers can use to deduct the cost of driving for business, medical services, or moving.



BUSINESS. Effective for business miles driven July 1 through December 31, 2008 the standard mileage rate has been increased to 58.5¢ per mile. The rate for business miles driven from January 1 through June 30, 2008, remains at the previous rate of 50.5¢ a mile.

MEDICAL AND MOVING. The IRS also increased the deductible rate for medical and moving mileage for the last six months of 2008 to 27¢ a mile. For the first six months of 2008, the rate remains at 19¢ a mile.



CHARITABLE. Note that the IRS made no change in the mileage rate for driving in conjunction with charitable activities. That rate is set by law and remains at 14¢ a mile.

Just for Fun

This will take less than a minute. Work this out as you read... Be sure you don't read the bottom until you've worked it out!!



1. Pick the number of times a week that you would like to go out to eat.
(more than **Once** but less than **10**)
2. Multiply this number by **2** (just to be bold).
3. Add **5**.
4. Multiply that number by **50**.
5. If you have already had your birthday this year, add **1758**... If you haven't, add **1757**.
6. Now subtract the four digit year that you were born. You should have a three digit number. The first digit of this was your original number. (ie., how many times you want to go out to restaurants in a week). The next two numbers are:
YOUR AGE - - -(Oh YES, it is!!!!)

Should you lease or buy business equipment?

Manufacturing equipment, computer networks, fleets of automobiles, you name it — all can be leased. But is leasing always a good option? When does leasing make sense? When is it a poor alternative?



Lease types

Most leases for business equipment can be categorized as either operating or financial leases. With an operating lease (also called a "maintenance lease"), the company that owns the equipment (the lessor) is on the hook for maintenance. The firm that leases the equipment (the lessee) can usually cancel the lease under certain conditions.

With a financial lease, which is more common, your business signs a non-cancelable agreement to make periodic rental payments. Typically, you agree to cover maintenance, taxes, and insurance during the lease term. With a financial lease, the lease term often coincides — at least roughly — with the expected service life of the asset. So by the time the equipment is returned to the leasing company, it may be fully depreciated.

Lease or buy?

Does it make sense to sign a lease instead of buying the equipment outright? As with many financial decisions, it depends. On the plus side, with a lease your business won't need to take out a loan or make a down payment to use the equipment. That may be especially helpful if you own a start-up business that's struggling with limited capital. Also, when this particular piece of technology becomes obsolete (not if, but when), your firm won't be stuck with a dinosaur. The stuff can be returned.



On the other hand, leasing carries some distinct disadvantages. What if your firm leases a piece of equipment that retains its value and doesn't become obsolete in a few years? In that case, it might make more economic sense to own the equipment because you can continue to use it after it's paid off. Also, a lease is a long-

term obligation. If your firm decides to modify operations, the leased equipment may go offline and sit in some dusty warehouse corner. Regardless, lease payments still need to be made. Consider also that taking out a business loan with a low interest rate may make buying the equipment cheaper in the long run.

As with any important business decision, the choice to buy or lease business equipment requires careful consideration. For help in analyzing the lease/buy decision for your business, give us a call.

QuickBooks Seminars



Seminar Topic	Date	Time
QuickBooks Training Seminar	January 22, 2009	8:30 am—4:30 pm
QuickBooks Training Seminar	January 27, 2009	8:30 am—4:30 pm

**Please contact our office for price and information regarding multiple class discounts
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