CRISER | GOUGH | PARRISH
August 2009
"Working together for you."

Criser, Gough, & Parrish
The Advisor

Stephen M. Criser — Laura B. Parrish — Greg R. Gough

CGP Supports Our Community

Lexi's L.A.M.B. Foundation is a local non-profit organization that benefits children in local Wichita hospitals. The mission of Lexi's LAMB is to provide support for children who are sick and/or have special needs and to provide support for their parents.

Having a sick child is very difficult and stressful and the parent's world seems to stop when a child is sick. We try to help in any way we can to help make life a little easier. Sometimes this is just by providing toys for the child or a gift around a holiday.

Wesley Medical Center has designated a closet called Lexi's Closet which is stocked with toys and crafts for the kids. Donations are always welcome. All items donated must be new in order to comply with hospital rules.

Items needed include, but are not limited, to:

- ◊ New toys for all ages (0-18)
- ◊ Play-Doh
- ◊ Markers, Crayons, Colored Pencils
- ◊ Coloring Books
- ◊ Craft items such as paper, glue, etc
- ◊ Movies (both DVDs and VHS)
- ◊ Video Games and Video Game Consoles

If you would like to learn more about our foundation or about how you can help, please visit our website www.lexislamb.org . You may also call Kathy at 316-518-0204 or email her at lexislamb@cox.net.

Coming in September

At Criser, Gough & Parrish we believe so much in education we have decided to provide our own business education to our clients and friends. The idea is to have short classes taking place on the first four Tuesdays in September 2009. To make it convenient, the seminars or classes will be no more than an hour each, beginning at 7:30AM at one of the comfortable conference rooms at Office This on East Harry St. We call the seminars the "Cereal Numbers Breakfast Series" and the schedule of topics are:

- ◊ September 1, 2009 Reading Financial Statements and Cash Flows. (The intention is to introduce how to use financial statements to help manage your business).
- ◊ September 8, 2009 Tax planning and your business. (We will try to take a little of the mystery out of managing taxes while operating a business).
- ◊ September 15, 2009 Which entity type is best for you. (What exactly are the benefits of being a corporation, LLC, etc.?)
- ◊ September 22, 2009 Accounting systems that work. (How you can select the best system for you and your business needs).

With only an hour available we will need to move efficiently so everyone can get out and back to work by 8:30AM.

If you run or work in a small business and would like to take advantage of some free learning that could make a difference, I hope to see you at these sessions.

The sessions are free to our clients but we are trying to limit the number of attendees to 50. Please RSVP early so you can reserve a seat. Coffee, cereal bars, donuts will be served to help you start your day.

See you there.

Steve Criser, CPA

Criser, Gough & Parrish, LLC
9415 E. Harry, Ste. 602
Wichita, KS 67207
Phone: (316) 685-1040
Fax: (316) 687-5590
Website:
www.crisergoughparrish.com

First-Time Homebuyer Tax Credit Update

No Longer a Loan

The first-time homebuyer tax credit was expanded by President Obama's recovery plan, the American Recovery and Reinvestment Act (ARRA), to $8,000 from $7,500 and taxpayers no longer have to pay it back—like a true tax credit.

The ARRA allows qualifying taxpayers who buy a home between January 1, 2009 and November 30, 2009 to get a tax credit of 10 percent of the purchase price of the home up to $8,000, or $4,000 for married individuals filing separately. The amount of the credit begins to phase out for taxpayers whose adjusted gross incomes are more than $75,000, or $150,000 for joint filers.

Last year's version of the credit required users to repay the claimed amount over the next 15 years. Because of the low use, the payback feature was removed and now new first-time homebuyers do not have to repay the credit provided the home remains their principal residence for 36 month after the purchase date. The new law does **not** affect people who purchased a home after April 8, 2008, and on or before December 31, 2008.

(Small Business Tax News, 3/09)

Marrying a homeowner?

If you are a first-time homebuyer who is marrying a homeowner, purchase your marital home before the wedding. Eligibility for the credit is determined when settlement occurs, and the full credit can be allocated to you even if you buy the house in both names. If you wait until after the nuptials to buy, you'll lose the credit if your spouse had another main home in the past three years.

(The Kiplinger Tax Letter, 5/1/09)

Seller Financing

A taxpayer may claim the first-time homebuyer credit if the purchase is under a seller financing arrangement; for example, a contract for deed, installment land sale contract, or long-term land contract, and the seller retains legal title to secure the taxpayer's payment obligations. If the taxpayer obtains the "benefits and burdens" of ownership of a residence in a seller financing arrangement, then the taxpayer can claim the credit even though the seller retains legal title.

(Federal Tax Weekly, 7/16/09)

Homebuyers in Disguise

The Treasury Inspector General (TIG) reports many taxpayers are masquerading as "first-time homebuyers." Checking 500,000 tax forms claiming the homebuyer credit, the TIG found almost 40,000 instances where filers had claimed tax breaks such as mortgage interest and property tax deductions in the past three years, which would make them ineligible for the credit. **The IRS will prosecute anyone who falsely tries to claim this tax credit.**

(The Tax Strategist, 6/09; Small Business Tax News, 8/09)

HUD Finalizes Tax Credit Details

The Department of Housing and Urban Development (HUD) released the final details to its program allowing **FHA** borrowers to take advantage of the $8,000 first-time homebuyer tax credit. The credit <u>cannot</u> be used as a downpayment and borrowers must still come up with the minimum 3.5 percent downpayment requirement.

FHA-approved lenders can make short-term bridge loans to advance the tax credit amount as a second lien. Borrowers can use the credit as additional downpayment funds, to buy down the interest rate, or pay other closing costs.

To advance the credit amount as a second lien, the tax credit advance, when combined with the FHA-insured first mortgage, may not result in cash back to the borrower. The second lien may also not exceed the total amount needed for the downpayment, closing costs, and prepaid expenses.

(Small Business Tax News, 6/09)

How to Survive an IRS Audit

Always Be Prepared

Technically, every single taxpayer is eligible for a tax audit. While some audits are selected because the taxpayer's return flagged the system, many are conducted entirely randomly. This means that as a taxpayer you should be prepared for the possibility of an audit at all times. You should make sure to you keep all financial documents, W-2's, receipts, etc., in one safe place. That way if you are audited, you can easily find everything you will need to verify your income and deductions. Although there is no way to fully avoid being audited, you can follow some of these tips while preparing your next return to try to reduce the odds.

Read and Respond to Notices

Generally, when the IRS notifies you of an audit you must respond within 30 days. If you do not, then you risk having the IRS review and adjust your total tax liability without getting your input. In addition to responding quickly, you will also want to take a thorough look over the notice. It will give you specific information on what is being examined, so that you can prepare for your audit knowing exactly what is being scrutinized.

Note: Please contact our office for assistance!

Know your Rights

Do not let yourself get intimidated by aggressive IRS agents. As a taxpayer you have a set of rights designed to protect you and your money. You have the right to select where the audit takes place, when it takes place, etc. Do not let an auditor intimidate you in to having an audit at your place of business unless that is where you want it. To learn more about your rights during an audit, check out IRS.gov.

Take your Time

Just like you, the IRS makes mistakes and easily could have made one on your case. Take your time compiling your records and be absolutely sure you have everything that you need. Do not let an IRS agent push you into setting a date for your audit. Take as long as you need to gather all of the financial documentation that you need in order to justify the tax return in question.

(Roni Deutch: The Tax Lady Blog, 7/9/09)

Tax Facts

The first income tax ever was in 1404 in England.

Peter the Great in Russia once taxed beards. There was also a tax on souls, hats, boots, beehives, basements, chimneys, food, clothing, birth, marriage, and burial.

In 1789, the start of the French Revolution, tax collectors were sent to the guillotine. Poor folks were just doing their jobs.

A few thousand years earlier in Greece, the tax professionals were considered the most noble men in society.

Summertime Child Care Expenses

Here are five facts the IRS wants you to know about a tax credit available for child care expenses. The Child and Dependent Care Credit is available for expenses incurred during the lazy hazy days of summer and throughout the rest of the year.

1. The cost of day camp can count as an expense towards the child and dependent care credit.
2. Expenses for overnight camps do not qualify.
3. If your childcare provider is a sitter at your home or a daycare facility outside the home, you'll get some tax benefit if you qualify for the credit.
4. The actual credit can be up to 35 percent of your qualifying expenses, depending upon your income.
5. You may use up to $3,000 of the unreimbursed expenses paid in a year for one qualifying individual or $6,000 for two or more qualifying individuals to figure the credit.

(IRS Summertime Tax Tip 2009-03)

Tips for Recently Married Taxpayers

If you have recently gotten married or plan to get married in the near future, the IRS has some tips to help you avoid stress at tax time.

1. **Notify the Social Security Administration**. Report any name change to the Social Security Administration, so your name and Social Security number will match when you file your next tax return.
2. **Notify the IRS.** If you have a new address, you should notify the IRS by sending Form 8822, Change of Address.
3. **Notify the U.S. Postal Service.** You should also notify the U.S. Postal Service when you move so it can forward any IRS correspondence.
4. **Notify Your Employer.** Report any name and address changes to your employer(s) to ensure receipt of your Form W-2, Wage and Tax Statement at the end of the year.
5. **Check Your Withholding.** If both you and your spouse work, your combined income may place you in a higher tax bracket.

(IRS Summertime Tax Tip 2009-04)

Criser, Gough & Parrish, LLC

Penny Rader, Editor

9415 E. Harry, Ste. 602

Wichita, KS 67207

Return Service Requested

"Working together for you."

Phone: 316-685-1040

Fax: 316-687-5590

Website: www.crisergoughparrish.com