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OCTOBER 2008

Vol III

## NEW TAX ACTS SIGNED OCTOBER 2008



Dear Peter,

Below is an abbreviated summary of the key provisions of these new tax acts that were recently signed into law.

Please call me at 323-934-2462 or email [peter@adviseinc.com](mailto:peter@adviseinc.com) if you have any questions.

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Tax Extenders and Alternative Minimum Tax Relief Act of 2008

Emergency Economic Stabilization Act of 2008

Energy Improvement and Extension Act of 2008

### Tax Extenders and Alternative Minimum Tax Relief Act of 2008

- AMT Exemption Amounts Increased - For tax years beginning in 2008, the AMT exemption amounts are increased to: \$69,950 for married individuals filing a joint return and surviving spouses with corresponding increased exemption amounts for unmarried individuals other than surviving spouses; and married individuals filing a separate return.
- New law abates AMT liability for exercise of ISO's before 2008 effective for any unpaid tax liability on the date of enactment. Interest and penalties are abated.
- Extended through 2009 or 2008 are some of the more significant deductions and provisions as follows:
  - State and local general sales taxes.
  - Qualified higher education tuition expenses.
  - Teacher expenses.
  - IRA rollover provision relating to tax-free contributions from IRA plans to charitable organizations.
  - Standard deduction for real property taxes [for non-itemizers].
  - Research and development credit.
  - Favorable S corporation stock basis rules for making charitable contributions of appreciated property.

- Enhanced charitable deduction for qualified computer contributions.
- Temporary suspension of limitations on charitable contributions for donations to Midwestern disaster relief efforts.
- Exclusion from income of mileage reimbursements for charitable volunteers.
- 15-year straight-line cost recovery for qualified leasehold, restaurant, and retail improvements.
- Other provisions of this act address the negative tax effects of changes in accounting for deferred compensation, additional tax relief relating to the child tax credit and cost recovery periods for certain farm equipment, to name a few, and disaster relief for victims of disasters in the Midwest between 12/31/07 and 12/31/10.

### Emergency Economic Stabilization Act of 2008

- Two-year extension of home mortgage debt forgiveness relief provision extends through 2012 the ability of taxpayers to exclude up to \$2 million of mortgage debt forgiveness on their principal residence.
- For companies that receive any federal bailout money, executive compensation is limited to \$500,000 and anything above that cannot be deducted.
- Losses from Fannie Mae and Freddie Mac stocks for qualifying financial institutions are treated as ordinary losses and not subject to capital loss limitations.

### Energy Improvement and Extension Act of 2008

- Extension and modification of production tax credit.
- Extensions and modifications of tax credits and deductions relating to energy efficient residences and commercial buildings include the credit for residential solar property (2016), deduction for the installation for energy-efficient property in commercial buildings (2013) and credit for energy-efficiency improvements to new homes (2009).

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