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Yippee, it's Tax Season! By now most of you should have received your LAJCPA tax organizers (with a very special economic stimulus incentive enclosed). Remember, the sooner you return your organizer with your 2009 tax information, the sooner we can prepare your return and hopefully get you that big fat refund you're counting on!

BALLOT MEASURES PASS

Statewide ballot measures 66 and 67 both passed easily last week. Here's what that means:

◆ **Ballot Measure 66:** This measure hikes Oregon individual tax rates on income over \$250,000 for married households and \$125,000 for singles. . .rates increase by 1.8 percentage points on taxable income over \$250,000 for joint returns, by 2 percentage points on income above \$500,000. . .the same increases kick in at \$125,000 and \$250,000 for single filers. . .Oregon's top tax bracket thus moves from 9 to 11 percent. . .consistent with federal law, the first \$2,400 of 2009 unemployment benefits are nontaxable

◆ **Ballot Measure 67:** Measure 67 increases the flat excise tax on partnerships and S corporations from zero and \$10, respectively, to \$150 each. . .C corporations with more than \$500,000 in Oregon revenue will pay a minimum tax of at least 0.1% of Oregon gross revenue. . .tax rates will be hiked on businesses with profits above \$10 million. . .annual business registration fees are also being increased.

◆ **Behind the Numbers.** Oregon voters departed from a lengthy history of defeating tax increases. . .supporters and opponents spent over \$10 million on the campaign. . .passage of the ballot measures either means schools and public safety sectors barely escape draconian cuts, or that the state will now lose 70,000 jobs, depending on which side you believe. . .some corporations with large revenues but no profits will now face state tax bills of tens of thousands of dollars. . .look for other budget-strapped states to float similar tax measures targeted directly at "the wealthy". . .meanwhile, Governor Ted Kulongoski is proposing a statewide vote on retaining part of future "kicker" rebates in a reserve or emergency fund.

NEW FEDERAL TAX ITEMS

We'll be dealing with lots of federal tax changes as we prepare 2009 individual tax returns. Some of the more noteworthy ones:

◆ **First Time Homebuyer Tax Credit.** Use Form 5405 to claim the credit for homes purchased in 2009. . .the credit is up to \$8,000 for "first-time" homebuyers and up to \$6,500 for "long-time residents" of their home who purchase a new one. . .returns will have to be paper filed, with new home purchase documents supporting the credit attached. . .the credit is phased out at higher income levels. . .the credit generally must be repaid if you sell or move within three years of purchase.

◆ **Buy a Piece of Uncle Sam With Your Refund.** New Form 8888 is used to purchase Series I US Savings Bonds with part of your federal tax refund. . .the low-risk, liquid investments pay a fixed rate of return, plus a potential premium based on the rate of inflation. . .up to \$5,000, in denominations of \$50, may be purchased. . .interest is exempt from state tax; federal tax may be paid currently or deferred. . .as always, consult with your financial advisor before buying.

◆ **Other Changes.** The first \$2,400 of unemployment benefits is nontaxable. . .the Hope Education Credit is increased to \$2,500. . .amounts received under the "cash for clunkers" program are nontaxable. . .the 65% subsidy payments for COBRA health care coverage are also exempt from tax.

◆ **Obama's Latest Tax Plans.** President Obama is touting several tax concepts, old and new. . .businesses would receive a \$5,000 tax credit for every 2010 new hire. . .small businesses that increase wages for employees would be reimbursed for social security taxes on the additional wages. . .some parents would get a larger dependent care credit. . .the nation's largest banks would face a new tax on financial investments deemed to be too risky. . .which, if any, of these proposals sees the light of legislation remains to be seen.

FROM "THE WHEELS OF JUSTICE" FILE

Criminal, civil, and otherwise suspicious tax and financial activities continue to make local and national news:

◆ **Sizemore Pleads Not Guilty.** Conservative activist and Oregon gubernatorial candidate Bill Sizemore has pleaded not guilty to charges of state tax evasion. . .Sizemore is charged with failing to file 2006 - 2008 Oregon returns. . .he faces a potential prison sentence and large fines if convicted.

◆ **State Settles with Oppenheimer.** Financial powerhouse OppenheimerFunds Inc. has agreed to pay \$20 million to settle an Oregon lawsuit over the company's management of the state college savings plan. . .state officials accused Oppenheimer of taking excessive risks with investor money. . .some 45,000 plan participants are expected to receive their share of the settlement sometime in March. . .management of the plan is being handed off from Oppenheimer to TIAA-CREF, Inc.

◆ **S Corporations Not Playing by the Rules?** A recent report by the Government Accountability Office (GAO) says no. . .68% of returns studied had at least one error. . .80% of those errors favored the taxpayer (We're shocked!). . ."other deductions" and improper deductions for personal expenditures were two major problem areas.

Finally, congratulations to our very own Jared Durham, who was recently voted outstanding new member by Eugene Active 20-30 Club. Jared was also chosen to participate in the 2010 Northwest Community's Most Eligible fundraiser for Junior League of Eugene. He's right here ladies; come and get him!