

January 16, 2009

Issue 2009-02

ExacNews

ExacTax Client:

This issue of ExacNews contains lots of valuable information for the upcoming tax season so please review it thoroughly. The 2009 update workshops in California have concluded. If you did not attend and would like a copy of the workshop materials, a PDF version is available on the ExacTax website at: www.exactax.com. At the home page, click on *Support* and then *Workshop Materials*.

ExacPay Credit Card Authorization

Included with this bulletin is the ExacPay Credit Card Authorization Form. With ExacPay your credit card will be billed automatically for the balance due on your statement. Credit card billing will occur 1 to 5 days after the statement date.

Important: If you are currently using ExacPay, your information will be pre-printed on the authorization form. If this is correct and you wish to continue, you do not need to do anything. **If any information has changed you must complete the enclosed form** and return it to ExacTax at the address at the top of this page.

If you are not currently an ExacPay participant and wish to become one, please fill out the authorization form and return to ExacTax at the address at the top of this page.

Entering the 2008 Stimulus Payment Received

As the first sets of 2008 input are coming in we are seeing a lot of errors entering the Economic Stimulus Payment received in 2008 on Form [1A].

1. Only if the '*Projected amount*' field contains an entry and the amount is correct can you check zip 1. This moves the *Projected amount* into zip 4.
2. For any return where the *Projected amount* field is blank or incorrect, you **MUST** make an entry in zip 4 or zip 5 or no computation will be made for the current year credit. A zero is a required entry if the taxpayer did not receive any payment.
3. If Form [1A] is not completed correctly, your return may be delayed.

Cr-4	4.	Recovery Rebate Credit	2008	1A
Economic Stimulus Payment & Recovery Rebate Credit				
Treat projected stimulus payment as amount received		★✓	1	→
OR				
Economic stimulus payment received (Before any reductions)		★	4	5
				Projected Amount
(Must enter 0 if no stimulus payment was received in 2008)				
Adjustment to gross income (for recovery rebate credit only)			9	
Qualifying income for recovery rebate credit (Force)			10	
Filing for recovery rebate credit only, not otherwise required to file		✓	11	
Have IRS figure the credit		✓	12	

See the next page for Rebate Verification.

Rebate Verification

The “projected amount” shown on Form [1A] is only an estimate of what should have been received. Exactax strongly suggests that you verify the actual amount of stimulus payment received by each taxpayer in 2008 when completing Form Cr-4 [1A]. This will avoid embarrassing changes by the IRS to the return as filed. If the taxpayer does not have all copies of Notice 1378 which were furnished by the IRS with the advance rebate payment, you can verify the amount received by going to the IRS web site at www.irs.gov.

- Click on “*What is the Recovery Rebate Credit?*”
- Scroll down and click on “*How Much Was My 2008 Stimulus Payment?*”
- At the bottom click on “*Take me to How Much Was My 2008 Stimulus Payment?*”.
- This will bring you to the screen where you can enter the information required to get the actual stimulus payment received.

Note: If you bookmark the final web page in your browser or make a shortcut to it on your desktop it will make the verification process quick and easy.

Office Hours

Office hours are currently 8:30 AM – 5:00 PM Pacific Time.

Beginning February 2nd, Exactax will be open extended hours; see the attached Exactax Office Hours bulletin for complete details.

Beginning on February 9th, the Customer Support, Technical Assistance and Shipping Departments will be open until 7:00 P.M.

The RST Department (**R**erun/**S**upplies/**T**racking) will remain open until 8:00 P.M for reruns, supply orders and tracking.

Exactax will be open on Martin Luther King Jr. Day, January 19.

Automatic Features and Preparer Information Forms

The *2008 Automatic Features and Preparer Information* forms were included with the December ExacNews, Issue 2008-26. If you have not already done so, review the contents and, **only if you have changes**, return the forms as soon as possible. If the forms are not returned, your 2007 Automatic Features will rollover to the 2008 tax system.

Tax Organizers

All Tax Organizer orders have been shipped. Late orders for pre-printed organizers are no longer being accepted. Blank Tax Organizers may be ordered at any time. The minimum order for blank sets is 5 with free shipping on orders over \$20.00.

Annual Renewal and Current Account Status Required

Tax Organizers, Proforma, Starter Kits and software are only available to accounts that have renewed for the 2008 tax filing season and do not have a current COD balance. If you have not renewed your account and need assistance, please contact our Customer Support Department to complete the renewal process. Please allow a minimum of two weeks from your renewal date or from clearing COD status to receive any of the items listed above.

Proforma

Individual: Proforma for 1040 returns finished shipping this week. The initial 1040 proforma shipment will contain federal and California forms only. State proforma for returns that contain states not available for the initial shipment will be shipped as it becomes available.

Fiduciary and Business: To provide input forms as early as possible, the initial Fiduciary and Business proforma will ship with only the federal forms. Federal-only proforma for 1041, 1065 and 1120 began shipping this week. Proforma for fiduciary and business state forms will be shipped as soon as they become available.

***Note:** To receive proforma for 2004, 2005, 2006 or 2007 1040 returns processed after December 31st, contact the Customer Support Department to order the proforma. There is a \$4.00 charge per return plus shipping for late proforma for 2004, 2005, 2006 and 2007. Proforma for 2007 fiscal year business returns is automatically run on a monthly basis.

Starter Kits

Federal Starter Kits for all systems and California 1040 are included with your proforma shipment. Supplies for all other state products will be shipped as they become available. The Starter Kit contains your initial set of blank supplies based on the prior year's usage.

Initial RDE Software Shipment

The initial shipment of the UltraTax CS™ version 2008.2 software package and the ExactTax RDE Communications Center software completed shipping this week to all RDE accounts renewed as of December 31st. The shipment includes instructions on how to restore proforma files included on the same CD as the RDE Communication Center software.

Important: In the UltraTax program there is a *Proforma* item on the Utility menu. DO NOT use the UltraTax proforma utility. Doing this will cause you to have duplicate files. Only use proforma files restored from the ExactTax RDE Communications Center CD.

Allow approximately two weeks for late renewals or new orders to be shipped.

UltraTax/CS version 2008.3 and all subsequent versions will be shipped to you directly from Creative Solutions. Always install the latest release and then check for updates on a daily basis.

Courier Service

Courier service begins on Monday, February 2nd, with a trial run on Friday, January 30th. A *2009 Courier Application* was sent with the December 16th issue of ExacNews to all accounts that used this service last year. Completed applications should be returned as soon as possible. Anyone else interested in signing up, please contact our Courier Service Manager, Barbara Hammond, at (800) 352-3638, Extension 218 to see if this service is available in your area.

Electronic Filing

- Electronic filing for 1040 returns begins on January 16th.
- Electronic filing for 1065 and 1120 returns begins January 5th.
- Electronic filing for 1041 returns begins January 26th.

RDE Users: You must install UltraTax version 2008.3 or higher to use e-file.

Late 2008 Legislation Passed

Congress passed the *Worker, Retiree and Employer Recovery Act of 2008* on December 11 and President Bush signed it into law on December 23, 2008. Among various provisions, the legislation suspends required minimum distributions from IRAs and qualified retirement plans for 2009, *but not 2008*.

Ordinarily, by April 1 of the calendar year following the year in which an individual reaches age of 70½, the remaining balance in any tax-deferred retirement savings account (401(k) plan, 403(b) plan, IRA, etc.) must be distributed to the individual in full or the individual must begin to receive required minimum distributions (RMDs) from the account. For years subsequent to the first year of retirement, RMDs ordinarily must be made by the end of the current year. In either case, RMDs are calculated based on the account's balance as of the last business day of the year *prior* to the year for which the RMD must be made. The IRS imposes an excise tax of 50 percent to the extent a RMD in the proper amount is not made. Under the new law, that excise tax is waived on all 2009 RMD underpayments ordinarily distributed to recipients.

Effective January 1, 2008, direct rollovers from tax-qualified retirement plans, tax-sheltered annuities and Section 457 plans to a Roth account will be permitted. Previously, rollovers were only permitted from IRAs and Roth accounts.

Another provision requires qualified retirement plans to permit a direct trustee-to-trustee transfer by a non-spouse beneficiary to an IRA account. The IRS previously said this feature was optional.

The Act also includes funding relief for employers that have defined benefit plans.

The new law extends the current \$3,000 exclusion for health insurance premiums for retired public safety officers to self-funded arrangements. To be excluded, however, the amounts used to pay the premiums must be distributed from public safety officer's former employer's retirement plan.

To pay for these provisions the law increases the monthly multiplier from \$85 to \$89 for the Code Sec. 6699(b)(1) failure-to-file penalty applicable to partnership and S corporation income tax returns. This provision applies to returns filed after December 31, 2008,