

Monthly Tax and Accounting Newsletter

Gregg Harvey, CPA

About This Newsletter

This monthly Newsletter is a free service provided by Gregg Harvey, CPA.

This Month's Contents:

This month's newsletter begins with some last minute tax planning ideas, then returns to the MFJ vs. MFS decision, corporate tax rates, some IRA related tax planning ideas, QPRTs, and other items.

Last Minute Tax Planning

As always this is the time of the year to make last-minute tax-saving moves. Just don't automatically repeat everything you've done in past years.

Because of several tax-law changes and questions about what may lie ahead in 2009, you may need to consider new strategies or at least a few variations on old themes.

Year-end tax planning will be trickier than usual because of factors such as the stock market's volatility and the possibility of significant tax changes next year when Barack Obama takes over as president. During the campaign, then-Sen. Obama proposed cutting taxes for most Americans while raising income taxes and capital-gains taxes for those at the top end of the income scale. But he also indicated he might postpone recommending any tax increases if the economy looked shaky as it now clearly does.

Adding to the uncertainty, there might even be another economic stimulus

package carrying tax changes enacted before the end of this year. It is not unusual to have a flood of eleventh-hour tax law and regulatory changes at the end of a year, but this year the potential exists for more than typical number of these.

Note that there have been more than 500 changes this year to the Internal Revenue Code.

But don't throw out your old playbook entirely. Many time-honored techniques will still work well for most people. Among them is one that is especially timely this year in view of sharp declines in stock and bond prices: Consider dumping losers you were thinking of getting rid of anyway. Those losses can be valuable for tax savings.

Also, if you're thinking of investing in mutual funds this month for a taxable account, contact each fund or check its Web site to see whether it's planning to make large year-end capital-gains distributions soon. Even some funds that have lost money this year are planning December payouts. If a fund you're considering is planning a big payout soon that will affect your tax bill, consider waiting to invest in that fund until after the date to qualify for the distribution.

Here are a few other ideas:

Timing is everything. In most cases, it pays to accelerate deductions, such as charitable donations and state and local tax payments, into the current year whenever possible. But that strategy may backfire for some people this year because of an important law enacted

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earlier this year: If you claim the standard deduction for 2008, you can take an additional amount to reflect real-estate taxes. (This additional standard deduction is also available for 2009.)

This change is likely to mean some people who itemized deductions in past years might be better off claiming the standard deduction for 2008 and thus deferring items such as charitable donations and state and local taxes into next year, when they might be deductible.

The maximum amount of the new additional standard deduction for state and local real-estate taxes is \$1,000 for married couples who file jointly and \$500 for singles. The basic standard deduction for 2008 is \$10,900 for joint filers and \$5,450 for most singles. There are additional amounts for those who are 65 or older and blind.

Thus, a married couple filing jointly, each at least 65, and who paid at least \$1,000 of real-estate taxes, would get a standard deduction for 2008 of \$14,000. (That's the \$10,900 basic standard deduction plus \$1,050 for the elderly husband, \$1,050 for the elderly wife and \$1,000 for their real-estate taxes.)

Another complicating factor is the alternative minimum tax. The AMT, a separate way of calculating your taxes, operates under many different rules than the regular system. For example, you can't deduct state and local taxes under the AMT. Thus, if you're ensnared by the AMT or claim the standard deduction for 2008, don't prepay state and local taxes this month that aren't due until 2009. About four million people

were caught by the AMT for 2007, and roughly the same number will be for 2008. It's unclear what Congress will do about the AMT next year.

Tax swaps. Some investors recently have been selling municipal bonds at a loss, thus nailing down capital losses that can be used to cut taxes, and then reinvesting the proceeds in other municipal bonds with similar credit ratings and durations. You can do this without changing the nature of your credit quality or duration.

Capital gains. On the campaign trail, then-Sen. Obama proposed increasing the top rate on long-term capital gains, now 15%, to 20% for people making more than \$250,000. With the economy in a deep slump, it's unclear whether President-elect Obama will delay that plan. Thus, investment advisers are urging most clients not to rush out and sell stocks now purely to take advantage of the 15% rate, which may remain the same next year, after all.

Whatever the case, never make any investment move based solely on tax considerations.

Stay alive. Buried in the tax law is a powerful incentive for many wealthy people who care about their heirs to stay alive at least until the dawn of 2009. The basic federal estate-tax exclusion, now \$2 million, is scheduled to soar to \$3.5 million next year. Thus, if someone survives until Jan. 1, an additional \$1.5 million of that person's estate will be sheltered from the federal estate tax, where the top rate is 45% both this year and next.

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Wealthy people should also consider taking advantage of the annual gift-tax exclusion, which allows you to give away as much as \$12,000 this year to anyone you want -- and to as many people as you wish -- without any tax considerations. That amount will rise next year to \$13,000. With stock prices down sharply, more shares can be transferred this way.

Other breaks. First-time homebuyers will have until mid-2009 to claim a new refundable tax credit for a qualifying home purchase in the U.S. But the credit must be repaid in equal installments over 15 years, or earlier if the house is sold. Thus, it's effectively an interest-free loan from Uncle Sam.

Congress also extended the life of several popular breaks that had expired. Among them is one that allows taxpayers who itemize to deduct their state and local sales taxes instead of their state and local income taxes. This law, which was extended through 2009, is especially important for taxpayers who live in Florida, Texas, Washington and other states that have no income tax. But it also benefits millions of other people in many other states including Michigan.

Required Distribution Rule Changes

What about the possibility that Washington might make changes in the rules for required minimum distributions from IRAs?

Although Washington hasn't done anything yet and there's not much time

left for action this year, there is still the chance that something might happen.

Because there is still a possibility of a change, if you haven't yet taken all their required minimum distributions for this year you might want to delay a while longer.

Treasury Department officials say they are considering changes in rules that require millions of people who are 70½ or older to withdraw certain amounts of money from their retirement accounts each year.

The amount is based on the market value of the taxpayer's account as of the last day of the prior year. That means distributions for 2008 are based on market levels at the end of 2007, when stock and bond prices generally were far above today's levels. And that, in turn, means many people are required to withdraw larger-than-anticipated amounts from already-depleted retirement funds.

The Treasury and the Internal Revenue Service are considering ways that this unanticipated situation could be ameliorated administratively.

President-elect Barack Obama has said he believes the Treasury has the authority to "temporarily suspend" required withdrawals this year. During the campaign, he urged the Treasury to do so.

Whether or not the Treasury has the authority to do so, there's a chance that Congress will step in and make some changes on its own.

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Even if nothing happens this year, some senators favor the idea of placing a one-year moratorium on required minimum distributions from individual retirement accounts for 2009.

So stay tuned.

The Nanny Tax

Does this tax requirement apply to more casual household help, such as cleaning ladies?

Yes, any household employee (not a contractor, but an employee) to whom you pay more than \$1,600 annually is subject to these payroll taxes. Internal Revenue Service Publication 926, the Household Employer's Tax Guide, provides more information; it's findable at irs.gov by typing "Publication 926" into the Search box.

Married Filing Jointly Versus Single

This is a typical inquiry:

Q: What would be the best way for my husband and me to file? We've always filed as "married filing jointly." I wonder if we would be better off filing separately.

A: Without knowing all your personal details, I can't answer you. But here are some general pointers that may help you regarding this question.

In most cases, the answer is simple: Most married couples are better off

filing their federal income-tax returns jointly, rather than separately.

The Internal Revenue Service makes a similar point in Publication 17 (available at irs.gov). According to the IRS, "you will generally pay more combined tax on separate returns than you would on a joint return..."

But some married couples can save significant amounts of federal income tax by filing separately, instead of jointly.

For example, consider a two-income couple where one spouse has large medical expenses and the other has little or none. Medical expenses typically are deductible only to the extent they exceed 7.5% of adjusted gross income. Thus, this couple might save taxes by filing separately, because one spouse's big medical expenses might be deductible on a separately filed return but could be reduced, or even eliminated, on a joint return.

There are other factors to consider. For example, consider filing separately if your marriage is on the rocks or if you fear your spouse may be cheating on taxes -- such as hiding taxable income or claiming phony deductions.

If you file separately, you won't be held liable for your spouse's wrongdoing. But if you file jointly, each of you might be held responsible, jointly and individually, for taxes, interest and penalties. (In some cases involving joint filers, one spouse may be able to qualify as an "innocent spouse" and thus be absolved from responsibility. But

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lawyers say that's typically tough to accomplish.)

Some public figures, such as Sen. John McCain, have filed separately. But they're the exceptions. The IRS received about 53.2 million jointly filed returns for 2006 and only 2.5 million returns from a married person filing separately.

When in doubt, crunch the numbers both ways. Tax-preparation software programs can help make the job easier.

Actual Corporate Tax Rates

This was an issue that came up during the recent presidential debates.

The Internal Revenue Service found that U.S. companies paid federal income taxes on their reported U.S. profits at far less than the 35% statutory rate, offering a potential revenue source for an incoming presidential administration that faces a yawning budget deficit.

Newly released data from the IRS show companies paid federal and foreign income taxes on their U.S. book income -- the amount reported to shareholders -- at a rate of 25.3% during 2005, the most recent year for which data were made available by the IRS.

Effective U.S. corporate tax rates could take on increasing importance in the months ahead for President-elect Barack Obama. Some tax experts call for tightening corporate loopholes and ending some industry tax breaks, while others say such moves could be counterproductive and end up killing jobs in an economic downturn.

Mr. Obama has publicly highlighted this issue. In the first presidential debate, he said: "There are so many loopholes that have been written into the tax code...that we actually see our businesses pay effectively one of the lowest tax rates in the world."

The information about tax rates was included in a broader IRS study that examines the gap between income reported to shareholders and the consistently lower income reported to tax authorities. Differences between accounting rules and tax laws mean companies keep two sets of books. Tax rules often allow them to take deductions on their tax returns that don't eat into their book profits reported to shareholders.

The IRS requires companies to file a form reconciling the gap between their book and taxable profits, called the Schedule M-3. U.S. companies included in the data reported about \$1.35 trillion in pretax U.S. book income to their investors in 2005, but about \$1.03 trillion to the IRS -- a difference of about 23%.

The 25.3% effective tax rate was calculated by comparing the actual taxes paid by companies, including foreign taxes on U.S. profits, to the U.S. book income.

The IRS data are based on filings by 38,516 U.S. companies with fiscal years that ended between July 2005 and June 2006. The data on effective tax rates were included in tables accompanying an article by IRS researchers in the trade journal Tax Notes.

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The new IRS data largely exclude overseas profits, meaning lower tax rates abroad aren't the main factor driving the low effective rate on U.S. income.

Congress has repeatedly added sweeteners to the tax code to favor certain types of business activity, largely accounting for why companies don't seem to be paying taxes on their full book income. For instance, in some years large extra depreciation expenses have been a major factor in lowering companies' effective tax rates.

Another factor in 2005's lower rates, according to the IRS study, is that companies continued to benefit from favorable treatment for stock options, which didn't count against earnings reported to shareholders but did generate hefty tax deductions. New accounting rules have since narrowed that benefit. In addition, so-called reportable transactions -- deals that have some hallmark of potentially being an abusive tax shelter -- lowered U.S. companies' taxable income by \$30.6 billion during 2005, the data show.

While Mr. Obama has called for closing loopholes, he also has supported the continuation of some of the biggest federal corporate tax subsidy programs, such as the research and experimentation tax credit, which is projected to cost the government \$8.38 billion during fiscal year 2009, according to Congress's Joint Committee on Taxation.

Have You Lost Money On Your IRA This Year?

If you lose money in your 401(k) plan, can you claim that as a loss on your 2008 tax return? How would you do that? What is the maximum you could claim, and what would you need to prove it?

The short answer is no. In your regular brokerage account, if you hold stock that has lost value, you can sell it and use the loss to offset capital gains, or you can carry the loss forward. But 401(k)s and other qualified retirement plans are tax-deferred, so just like when you sell stock in your 401(k) for a gain, and you don't have to pay tax on the gain, you also don't get to recognize the loss.

The only time you are taxed is when you take a distribution from the 401(k) -- and at that point, you pay ordinary income tax.

Let's say that you contributed \$100,000 to your 401(k) over the course of your career. Now, you take a lump-sum distribution of the entire balance, and the value has fallen to \$75,000. That's not a deductible loss. You weren't taxed on that money when it went in. You are taxed on the amount you pull out.

One way in which you might be able to recognize a loss on your 401(k) account involves a tax break called net unrealized appreciation. This allows you to withdraw your company stock from your 401(k) and move it into a taxable brokerage account. You have to withdraw the rest of your assets from the company plan in the same calendar year, most likely moving that balance into an individual retirement account to continue deferring taxes.

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And to be able to do this, you must have a "triggering event," typically reaching age 59½ or leaving your job. (For more information, go to www.irs.gov and look up the instructions for Form 4972 and Publication 575.)

When you withdraw the stock from your 401(k), you pay income tax on the shares' original purchase price, or cost basis. But any gain on your shares while they were sitting in the 401(k) -- the net unrealized appreciation, or NUA -- will be taxed (whenever you decide to sell the shares) at long-term capital-gains rates. Those rates currently top out at 15%. In contrast, if you roll your company stock into an IRA, all withdrawals are taxed at ordinary income rates -- as high as 35%.

If you withdrew the stock from your 401(k) a few years ago, and you sell it now, you also would have either a long-term capital gain -- or loss -- on the stock's value since the distribution. Let's say the stock's basis was \$20,000 and the NUA was \$100,000, for a total \$120,000 market value when you moved it from your 401(k) to your brokerage account in 2005. Now, if the stock has appreciated another \$30,000, you would have a long-term capital gain of \$130,000. But if the market value has dropped to \$100,000, you would owe capital gains tax on \$80,000, reducing the taxable amount by \$20,000

One Way To Take Advantage Of Market Turmoil

One of the simplest ways to take advantage of the continuing market turmoil: Convert your battered

investments from a traditional individual retirement account to a Roth IRA.

When you convert traditional IRA assets to a Roth, you have to pay the income taxes upfront on the account's value -- and in some cases, those values may be next to nothing at the moment.

One retiree I know recently signed the paperwork to convert a traditional IRA containing a \$40,000 Lehman Brothers principal-protected note to a Roth. It's gone to a zero price, so he should be able to at no value. He expects it to be worth something eventually, and then he won't owe any taxes on it.

With a Roth IRA, there are generally no taxes on withdrawals or any future earnings, unlike with traditional IRAs. There's also no mandatory distribution schedule -- again in contrast with traditional IRAs, from which account holders must begin taking minimum distributions by April 1 of the year following the year they turn 70½ years old. Plus, you can leave a Roth account intact for your heirs. (Heirs other than your spouse would have to take required withdrawals each year, but they generally wouldn't owe any tax on them.)

To be eligible to convert traditional IRA assets to a Roth, your income must be \$100,000 or less. So any hit that your paycheck has taken from the economic downturn might help you do a Roth conversion. (Starting in 2010, there is no longer an income limit for Roth conversions.) Neither a required IRA distribution nor the converted amount would count against the \$100,000 income limit. If you are 70½ or older,

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you have to take this year's required distribution before converting any traditional IRA assets to a Roth.

Withdrawal Rules

Many IRA holders get tangled up in the "five-year" rule when they convert IRA assets to a Roth IRA: You have to hold those assets in a Roth for five years or until you turn 59½, whichever comes first, to make penalty-free withdrawals of converted amounts. Each conversion has its own five-year clock.

But if you have already reached age 59½ and you convert traditional IRA assets to a Roth, you can withdraw the actual assets you convert at any time without worrying about a five-year deadline or penalties. It's a different story with any earnings on those assets: Again, you must have held a Roth account for five years to withdraw any earnings tax-free.

But you don't need to worry about separating the converted funds from the earnings; that's because the withdrawal rules for Roth IRAs say that any distributions first come from contributions, then from conversions, and finally from earnings, says Ed Slott, an IRA consultant in Rockville Centre, N.Y.

General Case

Generally, if you have a combination of market losses and lower-than-normal income this year you should consider converting your IRA to a Roth.

You may need to pay tax on the conversion but when the account recoups its losses, you may have made

up the taxes that you paid. And then that recoupment is never going to be taxed again.

Changing Your Mind

What if you converted traditional IRA assets to a Roth earlier this year, and those assets have declined in value? In that case, you may want to "recharacterize" the Roth as a traditional IRA. It's a way to erase the taxes on value that has since disappeared. That way you don't have to pay tax on an amount that no longer exists.

To do a recharacterization, you have to use a "trustee-to-trustee" transfer, also called a direct rollover or direct transfer, to move the contribution from one IRA to another. Don't touch the money yourself, and make sure no checks get made out directly to you or deposited in your bank account.

The assets are treated as if they never left the traditional IRA. If you recharacterize your Roth as a traditional IRA by Nov. 30, you could then convert the lower-value assets to a Roth again as soon as January 1.

Credit Cards

It's time to go on a debt diet.

Carrying around a few thousand dollars in credit-card balances may have seemed perfectly acceptable a few months ago. But in this financial crisis, it can be downright dangerous to your financial health. Credit-card companies are jacking up rates and fees, making it easier to fall deeper in the hole. And

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during a recession, when the possibility of layoffs looms larger and most of us feel increasingly vulnerable, debt becomes even more pernicious.

Unfortunately, even if you are determined to be more disciplined, paying off your debt can be just as slow and frustrating as trying to work off those irritating love handles. Just as we have to keep eating when we're dieting, we still may have to use our credit cards for travel and other needs.

That means we must be extra diligent about what we charge and be wary of the "lose debt quick" solutions that often uncannily resemble weight-loss schemes. Here are a few pros and cons of each:

The balance-transfer method. Just as some diets begin with prepared meals to give your eating habits a fresh start, transferring your accumulated credit-card debt to a new card with a 0% or very low interest rate can give you a clean slate.

You'll need a good or better credit score to qualify for the limited offers now available, and there are costs and rules: Transferring your balance typically includes a 3% fee, or \$300 added to a \$10,000 debt. In addition, the 0% rates usually last just six to 12 months, meaning you could be paying stiff interest again fairly soon. Be sure to read the terms carefully to avoid getting burned; making a late payment, for instance, may mean an immediate end to the 0% rate.

This diet may offer good savings from your current interest rate -- which may

range as high as 32% -- assuming you don't make any new charges and can pay off all or a substantial amount of your debt before the 0% rate expires. If you do need to make new charges, you should do it on a separate card that you pay in full every month so that you don't add to your debt burden.

The home-equity line of credit plan. It's like the Atkins high-protein diet: You can pay off your debt more quickly with a much lower interest rate by using a home-equity line of credit -- and get a tax deduction in the process. But cheating by using the credit line to borrow more will ruin your hard work. And you have to have the right stuff for it, including adequate equity in your home and a good credit record, to qualify for the current rate, about 5%, according to Bankrate.com.

However, such a move is risky because you're replacing unsecured debt with debt secured by your home.

As with the Atkins diet, you need a lot of discipline as well. Some banks' minimum line of credit is \$25,000, more than you likely need. And most banks will ask for just a small payment each month, so the interest charges will accumulate. You'll have to figure out a payment that eliminates your debt as quickly as possible; if you take your time, you could easily end up paying off your credit-card balance for years.

Raiding your retirement. The classic grapefruit diet calls for you to eat grapefruit or drink grapefruit juice at each meal, which, along with cutting calories, supposedly boosts your weight loss. In fact, the method is a mirage --

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just another low-calorie diet, and a really unpleasant one at that.

Using your 401(k) to reduce your debt is just as distasteful. True, you can borrow against your savings and pay yourself back. But today, you'd be cashing out beaten-down investments, and those funds could miss the market's eventual upturn. Worse, if you lose your job, you'd have to repay the loan right away, or pay income taxes and a 10% penalty on any amount you borrowed.

A less-invasive option is to reduce your 401(k) contribution and use the extra funds to repay your debt. You should keep contributing at least enough to receive the company match. Even so, you'll be hurting yourself down the road.

The support-group strategy. The tried-and-true Weight Watchers plan combines a balanced diet with peer-group support. You might achieve something similar by asking a parent, sibling or other family member to make you a loan at a rate higher than they can get from current savings accounts, like 4% to 5%.

Another possibility is to call your credit-card company and ask it to reduce your interest rate. Many banks will accommodate you, especially if you always pay your bill in time. You might try calling a couple of times over several months to see if you can get your rate down in steps toward the single digits.

Making do with less. Painstakingly counting calories, though boring and tedious, does work for dieters, just as systematically trimming expenses and increasing your payments will help you

get rid of debt. Lower energy prices could help right now if you take your savings from what you would have had to spend on gasoline and heating oil and put it toward your credit card.

Many financial planners will tell you to pay off the highest-interest-rate debt first. This is a good idea, but you may want to pay off some smaller debt first so that you can see some progress. You should also try to reduce the debt on a card that is maxed out, since your credit score is determined in part by what percentage of your individual and total credit lines you are using.

Whatever method you choose, you have to keep up with the payments and change your charging habits. As with a diet, you may end up worse off if you run up the debt again after paying it off

QPRT's

Plunging real-estate values have made it an opportune time for older homeowners to give property to their children, while realizing big savings on gift and estate taxes.

They can do this by moving the home out of their estate with a so-called qualified personal residence trust, or QPRT, which allows homeowners to live in a property for many years before passing it on to their heirs. Though the trusts have been around for many years, many estate planners say now could be a good time to set one up since real-estate values have fallen dramatically in many markets.

QPRTs are one of a number of strategies that wealth advisers and estate planners

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are recommending as clients cope with beaten-down financial markets and a nasty real-estate landscape. The goal: Put beaten-down assets into trusts now and reap benefits from their appreciation outside of your estate. With real-estate values low, executing a QPRT now ensures your estate won't contain a more-expensive home down the road, which could trigger a costly tax bill for your estate.

Most estate planners say activity on QPRTs remains quiet these days amid uncertainty over the direction of the estate tax and investors' timidity in parting with assets during a bear market. But these same wealth advisers say conditions could be ripe -- now and in the months ahead -- for executing these trusts.

By transferring your home into a QPRT (often pronounced CUE-pert) when the value of your home is most likely at a low point, you're effectively locking in a lower gift-tax amount when you move the home into the trust. And if interest rates move higher in the months ahead, that discount could be even greater because of the special method the Internal Revenue Service uses to compute the home's gift-tax value.

Nuts and Bolts of a QPRT

Here's how a QPRT works: Say you're 60 years old and own a \$1 million home. You'd like to leave the home to your children, but worry the property could jack up the value of your estate, perhaps pushing it high enough to trigger the estate tax. (The basic federal estate-tax exemption is \$2 million per person for

2008, with the top estate-tax rate at 45%.)

To move the asset out of your estate, you can put the home into a QPRT for a term of 10 years (terms can be longer or shorter, depending on your situation). For those 10 years, your living arrangements don't change -- you live in the home and pay all the expenses, including property taxes.

Because you've given the home to a QPRT, you'll have to file a gift-tax return that year, but you stand to benefit from a complex IRS formula that actually discounts your gift amount when you move the home into the trust. Assuming that value doesn't push you over your \$1 million lifetime gift-tax exemption, you won't have to pay taxes at all.

The formula, among other things, considers your age, the IRS's current applicable federal rate of 3.8%, which is the federal interest rate used to set up trusts or loans to relatives, and the 10-year length of the trust. Assuming your home appreciates 4% a year, the formula can nearly halve the value of your house for gift-tax purposes.

After 10 years, the home transfers to your beneficiaries, usually your children. At this point, they own the home, and it's outside your estate and won't be subjected to estate taxes. In this example, when the QPRT expires, your home is worth nearly \$1.5 million. Assuming you live well into your 70s or 80s, it's likely to be worth even more.

If you wish to remain in the home, you'll have to pay fair-market rent to your kids,

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or risk running afoul of the IRS, which could scrutinize your children for allowing rent-free use of the property. When you die, your children keep the house and don't have to pay inheritance taxes.

Some Quirks

These trusts have some quirks. If you die before the trust term expires, the home reverts to your estate, nullifying any potential estate-tax savings. Because of this rule, it's essential to take stock of your age and health when drawing up the trust.

Also remember that a QPRT is an irrevocable trust, meaning you have to give up the home when the term ends. That type of planning can be tricky -- it's sometimes hard to predict what your relationship with your children will be one or two decades down the line, and there's no guarantee your beneficiaries will let you stay in the house.

Of course, a QPRT makes sense only if you anticipate your assets will exceed the estate-tax exemption when you die. In 2009, that exemption jumps to \$3.5 million.

The tax is set to vanish in 2010, and then return in 2011 with a lower \$1 million exemption and a 55% top rate. But most estate planners are betting Congress will revise the current structure. Both presidential candidates want to keep the estate tax, though with different exemptions and tax rates.

In addition to uncertainty surrounding the estate tax, some estate planners discourage QPRTs at times like these,

when interest rates, including the applicable federal rate, are low. That's because you get a greater discount on your gift-tax value when the rate is higher. But other advisers tell clients not to focus too much on the rate, especially if your home's value has declined significantly in the past year or two.

For More Information

For more information on anything covered in this Newsletter, please contact me. I provide tax, accounting, consulting, and other business services such as payroll and medical billing.

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