

JANUARY 2008

TAX LAW CHANGES

The recently enacted Mortgage Forgiveness Debt Relief Act of 2007 includes provisions that will,

- Exclude debt forgiveness income on a qualified principal residence from taxable income if occurring on or after January 1, 2007 and before January 1, 2010.
- Allow a deduction for mortgage insurance premiums to be extended through December 31, 2010.
- Exclude certain payments to qualified volunteer emergency response organizations from income.
- Allow full-time students who are single parents to live in units eligible for the low-income housing tax credit.
- Allow a surviving spouse to exclude up to \$500,000 of gain on his/her principal residence if sold within two years of the deceased spouse's date of death.

Under the Energy Independence and Security Act of 2007,

- FUTA surcharge is extended for an additional year.

TAX SEASON HOURS

Beginning Saturday,
February 9th,
we will resume our extended tax
season hours:
Monday – Friday 8:00–5:00
Saturday 9:00–3:00

AMT EXTENSION OF RELIEF

The Tax Increase Prevention Act of 2007 extends partial relief to individual taxpayers from the alternative minimum tax, or AMT. Without this relief, more than 20 million more taxpayers would have faced paying the tax on their 2007 returns.

Originally enacted to make sure that wealthy Americans did not escape paying taxes, the AMT has started to apply to more middle-income taxpayers, due in part to the fact that the AMT parameters were not indexed for inflation. To prevent this from happening, Congress has once again initiated a temporary “patch” to extend the 2006 AMT exemption amounts for one year with slight increases.

For 2007, the AMT exemption amounts are increased to:

- (1) \$66,250 for married individuals filing a joint return and in the case of surviving spouses;
- (2) \$44,350 for unmarried individuals other than surviving spouses;
- (3) \$33,125 for married individuals filing a separate return.

Another provision of the Tax Increase Prevention Act of 2007 extends the previous temporary provision which permitted personal tax credits (including the dependent care credit, the elderly and disabled credit and the Hope Scholarship and Lifetime Learning credits) to offset the AMT liability.

If you would like more details about these changes, please do not hesitate to contact us.

2008 School District Income Tax List
Included with this edition of *Insight*, you will find the updated
2008 SDIT list.

WHALEN STAFF ANNIVERSARIES

Laura Wojciechowski, Partner	18 years
Karen Botti, Senior Tax Specialist	13 years
Patti Carey, Tax Specialist	2 years
Trish Callis & Carolyn Royer, Seasonal Tax Specialists	8 years