

# STEFFEN GROUP

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## Did you get your Stimulus Check?

**As of June 13**, the IRS had issued approximately 76.5 million stimulus checks totaling approximately \$63.9 billion. Oversight review determined that the IRS correctly calculated the stimulus payment for 99.6 percent of the returns. This means that calculations of economic stimulus payments by the Internal Revenue Service may have been wrong in nearly 400,000 cases.

Some errors resulted from programming that did not include all qualified self-employment income. This affected approximately 25,000 returns for which the stimulus payment was not allowed, but where taxpayers were entitled to an additional \$16.5 million. This error affected clergy and other individuals whose income is not subject to the self-employment tax.

Many taxpayers did not receive the child portion of the stimulus payment because they did not check the Child Tax Credit qualifying box on the front of their tax return. The IRS subsequently announced that it would issue the additional child portion of the stimulus payment to approximately 350,000 households in July.

The IRS is issuing checks. Early filers should receive their check before the end of this month. Late filers will have to wait a while longer.

## Business Stimulus

The Economic Stimulus Act of 2008 provided a significant tax incentive for businesses to make capital investments by adding a special fifty percent depreciation allowance for qualifying purchases.

This special "bonus depreciation" is available to all businesses and applies to most types of tangible personal property and computer software acquired and placed in service in 2008. It allows taxpayers to deduct 50 percent of the cost of qualifying property in addition to the regular depreciation allowance that is normally available.

In addition, the new law increased the limit to \$250,000 that a business can expense (under Sec.179) during 2008, up from the limit previously set for 2008 of \$128,000.



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### Highlights from the Farm Act

On May 22, 2008, congress passed The Farm Act and Military Bill. This law includes:

- \$1.7 billion in Farm Tax Relief & Incentives
  - New Cellulosic Biofuel Producer Tax Credit
  - More than \$2 Billion in Revenue Raisers
  - New Limits on Farm Losses
  - Acceleration of Large-Corporation Estimated Tax payments
  - \$1.3 Billion in taxes raised by Military Bill
  - Mark-to-Market Regime for Expatriates
- Not much here will be useful to businesses in our area, but I'll watch for more details. Give me a call if you have questions.



**Good news:** Reflecting the rising gas prices, the IRS increased the mileage rate by eight cents, from 50.5 cents a mile for all business miles driven from July 1 through Dec. 31, 2008. The new rate for computing deductible medical or moving expenses will also increase by eight cents, from 19 to 27 cents a mile. The rate for providing services for charitable organizations is set by statute, not the IRS, and remains at 14 cents a mile.

**Bad news...** you need to keep documentation of your business miles, before June 30, 2008 and after. So mark down your mileage today, and keep your records carefully. Who knows, it may be adjusted again if prices continue to change.

