

IRS TAX TIPS FOR TAX YEAR 2008

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WHAT'S NEW FOR TAX YEAR 2008?

More information about the changes, summarized below, can be found on IRS.gov and in various IRS documents, including the instructions for Form 1040

Exemptions The amount you can deduct for each exemption has increased from \$3,400 in 2007 to \$3,500 in 2008. You lose all or part of the benefit of your exemptions if your adjusted gross income is above a certain amount. The amount at which the phase-out begins depends on your filing status.

Contribution Limits Raised for IRAs and Other Retirement Plans: Special Rules for

Military For 2008, the contribution limit for Roth and traditional IRAs rises to \$6,000, up from \$5,000 in 2007, for those age 50 or over. For those under 50, the limit is increased to \$5,000, up from \$4,000 in 2007. You may be able to take a traditional IRA deduction if you were covered by a retirement plan and your modified adjusted gross income is less than \$63,000 (\$105,000, if you are married filing jointly or a qualifying widow(er)). Use the worksheet in the instruction booklet for Line 32, Form 1040 or Line 17, Form 1040A to figure the IRA deduction.

In 2008, the elective deferral (contribution) limit for employees who participate in 401(k) and 403(b) plans is \$15,500. For SIMPLE plans, the limit is \$10,500. The limit for Section 457 plans is the lesser of your includible compensation or \$15,500. Many plans permit participants who are age 50 or over at the end of the calendar year to make additional elective deferral contributions. These additional contributions (commonly referred to as catch-up contributions) are not subject to the general limits that apply to 401(k) plans. An employer is not required to provide for catch-up contributions in any of its plans. However, if your plan does allow catch-up contributions, it must allow all eligible participants to make the same election with respect to catch-up contributions.

If you participate in a traditional or safe harbor 401(k) plan and you are age 50 or older:

- The elective deferral limit increases by \$5,000 for 2008 and \$5,500 for 2009.
- The limit is subject to cost-of-living increases after 2009.

If you participate in a SIMPLE 401(k) plan and you are age 50 or older:

- The elective deferral limit increases by \$2,500 for 2008 and 2009.
- The limit is subject to cost-of-living increases after 2009.

The catch-up contribution you can make for a year cannot exceed the **lesser** of the following amounts:

- The catch-up contribution limit, above, or
- The excess of your compensation over the elective deferrals that are not catch-up contributions.

401(k) and 403(b) plans can create a qualified Roth contribution program so that participants may choose to have part or all of their elective deferrals to the plan designated as after-tax contributions. Despite the name, a so-called "Roth 401(k)" is not the same as a Roth IRA.

Military members serving in Iraq, Afghanistan and other combat zone localities can count tax-free combat pay when figuring how much to contribute to a Roth or traditional IRA. Because

taxpayers usually must have taxable earned income, members of the military whose earnings came from tax-free combat pay were often barred from putting money into an IRA. This change is retroactive to 2004, and eligible taxpayers have until **May 28, 2009** to make contributions for 2004 and 2005. Taxpayers who have already filed returns for 2004 and 2005 and choose to make these special back-year contributions to a traditional IRA must report them on an amended return (Form 1040X), along with, in some cases, Form 8606. See IRS News Release IR-2006-129 for more information.

Recovery rebate credit If you did not receive the full economic stimulus payment, you may be able to claim the recovery rebate credit. Any economic stimulus payment you received for tax year 2007 reduces your recovery rebate credit. The maximum credit is \$600 (\$1,200, if married filing jointly) plus \$300 for each qualifying child. See instructions for Line 70, Form 1040 or Line 42, Form 1040A.

First-time homebuyer credit If you bought your main home after April 8, 2008, AND BEFORE July 1, 2009, and did not own a main home during the prior 3 years, you may be able to take this credit. See the instructions for Line 69, Form 1040.

Standard deduction increased by real estate taxes The standard deduction is increased by any state and local real estate taxes paid in 2008, up to \$500 (\$1,000 if married filing jointly). The taxes must be state or local real estate taxes that would be deductible on Form 1040 (Schedule A) if you were itemizing your deductions. Business real estate taxes and foreign real estate taxes cannot be deducted.

AMT Exemption Increased For tax year 2008, the alternative minimum tax exemption rises to \$69,950 for a married couple filing a joint return, and to \$46,200 for singles and heads of household, up from \$40,250. If married filing separately, \$34,975.

Standard Mileage Rates Adjusted for 2008 The standard mileage rate for business use of a car, van, pick-up or panel truck is 50.5 cents a mile (58.5 cents per mile after June 30, 2008). The standard mileage rate for the cost of operating a vehicle for medical reasons or as part of a deductible move is 19 cents a mile (27 cents after June 30, 2008).

Capital gain tax rate reduced The 5% capital gain tax rate is reduced to zero.

Inflation Adjustments for 2008 Personal exemptions and standard deductions rise, tax brackets are widened and more than three dozen individual and business tax provisions are adjusted to keep pace with inflation. A complete rundown of these changes can be found at "[2008 Inflation Adjustments Widen Tax Brackets, Change Tax Benefits](#) below."

Popular items adjusted include the following:

The value of each personal and dependency exemption is \$3,500, up \$100 from 2007. Most taxpayers can take personal exemptions for themselves and an additional exemption for each eligible dependent. An individual who qualifies as someone else's dependent cannot claim a personal exemption, and personal and dependency exemptions are phased out for higher-income taxpayers.

The standard deduction is \$10,900 for married couples filing a joint return and qualifying widow(er), a \$200 increase over 2007; \$5,450 for singles and married individuals filing separate returns, up \$100; and \$8,000 for heads of household, up \$150. Higher amounts apply to blind people and senior citizens. The standard deduction is often reduced for a taxpayer who qualifies as someone else's dependent. Nearly two out of three taxpayers take the standard

deduction, rather than itemizing deductions, such as mortgage interest, charitable contributions, and state and local taxes.

The maximum earned income tax credit for low and moderate income workers and working families with two or more children is \$4,824, up from \$4,716. The income limit for the credit for joint return filers with two or more children is \$41,646, up from \$39,783. One in six taxpayers claim the EITC, which unlike most tax breaks, is refundable, meaning that taxpayers get it, even if they owe no tax and even if no tax is withheld from their paychecks.

The maximum Hope credit rises to \$1,650, up from \$1,650 in 2007. These dollar amounts are doubled for students attending an eligible educational institution in the Gulf Opportunity Zone. The Hope and lifetime learning credits are not available to taxpayers with a modified adjusted gross income (MAGI) of \$58,000 or more (\$116,000 or more in the case of a joint return).

ELECTRONIC FILING

The IRS *e-file* program offers, accurate, safe, and fast alternatives to filing on paper. These alternatives include filing through a tax professional or a personal computer. Electronic payment options are also available.

What are the benefits?

Free Internet Filing! Access commercial e-file services available at no cost to eligible taxpayers.

Fast Refunds! You get your refund in half the time, even faster and safer with Direct Deposit. Direct Deposit is a fast, simple, safe, secure way to have your Federal income tax refund deposited automatically into your checking or savings account.

Security! Your privacy and security are assured.

Electronic Signatures! Create your own personal identification number (PIN) and file a completely paperless return through your tax preparation software or tax professional. There is nothing to mail!

Accuracy! Your chance of getting an error notice from the IRS is significantly reduced.

Proof of Acceptance! You receive an electronic acknowledgement within 48 hours, which confirms the IRS has accepted your return for processing.

Electronic payment options are convenient, safe and secure methods for paying income taxes. If you have a balance due, you can e-file and pay in a single step by authorizing an electronic funds withdrawal from your bank account. Another option is to pay by credit card. The Electronic Federal Tax Payment System (EFTPS) offers a third option for paying federal taxes. Through EFTPS, you can schedule recurring payments for withdrawal from your bank account.

Federal/State e-file! Prepare and file your Federal and state returns together and double the benefits you get from IRS *e-file*. For more e-file information, visit our web site at <http://www.irs.gov> .

TAX ASSISTANCE

The Internal Revenue Service (IRS) provides tax assistance through their regional office located at the US Consulate in Frankfurt, Germany. Tax assistance can also be obtained by contacting the large International Customer Service Site in Philadelphia at: 215-516-2000. Visit the IRS on the web at: www.irs.gov.

FRANKFURT

Phone:	49 69 7535 3834 or 3823	8:00 – 15:30 Monday - Friday
Fax:	49 69 7535 3803	Closed U.S. & German holidays
Email:	*IRS.Frankfurt@irs.gov	
Walk-In Visitors:	US Consulate Giessener Str. 30 Frankfurt am Main Germany	8:00 - 12:00 Monday - Friday Closed U.S. & German holidays and last Thursday of each month.
Correspondence:	US Consulate Frankfurt Internal Revenue Service Giessener Str. 30 60435 Frankfurt am Main Germany	

PHILADELPHIA

Phone:	215-516-2000 (not toll free)	6:00 -14:00 ET
Fax:	215-516-2555	
Email:	http://www.irs.gov/help/page/0,,id=133197,00.html	

Taxpayer Advocate Service (<http://www.irs.gov/advocate>)

If you have an ongoing issue with the IRS that has not been resolved through normal processes, or you have suffered, or are about to suffer a significant hardship as a result of the application of the tax laws, you may contact the Taxpayer Advocate (see [Taxpayer Advocate Service](#) below for contact details).

visit us online at: www.irs.gov

FILING REQUIREMENTS

If you are a U.S. citizen or resident alien, the rules for filing income, estate, and gift tax returns and for paying estimated tax are generally the same whether you are in the United States or abroad. Your income, filing status and age determine whether you are required to file a return. Generally, you must file a return if your gross worldwide income for 2008 is at least the amount shown for your filing status shown in the following table:

FILING STATUS	AMOUNT
Single	\$8,950
65 or older	\$10,300
Head of Household	\$11,500
65 or older	\$12,850
Qualifying Widow(er)	\$14,400
65 or older	\$15,450
Married filing jointly	\$17,900
1 spouse 65 or older	\$18,950
Both spouses 65 or older	\$20,000
Married filing separately (any age)	\$3,500

Please note that some exceptions may apply. See "Filing Requirement" in the 1040 instruction booklet for details.

For more information visit us online at: www.irs.gov

YOUR TAXPAYER IDENTIFICATION NUMBER

If you are not eligible to get a Social Security number but need to file a tax return, you will have to apply for an Individual Taxpayer Identification Number (ITIN). Apply by filling out Form W-7, Application for an IRS Individual Taxpayer Identification Number. Get Form W-7 at www.irs.gov. Form W-7 must be attached to a tax return, or an exception (see W-7 instructions) must be met. Additionally, a certified copy of a passport, or a certified copy of two other identification documents must be attached.

An ITIN number is issued by the IRS and begins with the number "9." It may look like a Social Security number, but an ITIN is used only for federal income tax purposes and has no effect on your work or immigration status in the U.S.

Each person who files a federal tax return or is listed as a spouse or dependent must have a valid SSN or ITIN. This will ensure prompt processing and issuances of any refund. Exemptions claimed for spouse or dependents will be denied if valid Tax Identification Numbers are not provided.

For more information about ITINs, check out Publication 1915, *Understanding Your IRS Individual Taxpayer Identification Number*, or download Form W-7. The publication and form are also available by calling 1-800-TAX-FORM (1-800-829-3676) or 215-516-2000 in the United States.

Also visit us online at: www.irs.gov

EDUCATION INCENTIVES

There are two education tax credits available, the Hope Credit and the Lifetime Learning Credit. The credits are based on education expenses paid for you, your spouse, or your dependents. During any particular year, you can claim only one of the credits for each student. The amount of the credit is determined by the amount you pay for "qualified tuition and related expenses" for each student and the amount of your modified adjusted gross income (modified AGI).

Expenses that qualify are tuition and fees required for enrollment or attendance at an accredited college, university, vocational school, or other post-secondary educational institution that is eligible to participate in a student aid program administered by the Department of Education. Qualified expenses do not include room and board, insurance, transportation, or other similar personal, living, or family expenses. Qualified expenses may include fees for books, supplies, and equipment only if the fees must be paid to the school for the student's enrollment or attendance. In addition, qualified expenses may include student activity fees if the fee must be paid to the school for the student's enrollment or attendance.

Both the Hope Credit and Lifetime Learning Credit may be reduced, or eliminated, if your modified adjusted gross income exceeds certain limits, based on your filing status. You cannot claim either credit if you are married filing a separate return.

For additional information on education credits, refer to Publication 970, *Tax Benefits for Education*

Visit IRS online at: www.irs.gov

CAPTIAL GAINS AND LOSSES

Almost everything you own and use for personal or investment purposes is a capital asset. Examples are your home, household furnishings, and stocks or bonds held in your personal account. When you sell a capital asset, the difference between the amount you sell it for and your basis, which is usually what you paid for it, is a capital gain or a capital loss. You have a capital gain if you sell the asset for more than your basis. You have a capital loss if you sell the asset for less than your basis. Losses from the sale of personal-use property, such as your home or car, are not deductible. Capital gains and losses are classified as long-term or short-term. If you hold the asset for more than one year before you dispose of it, your capital gain or loss is long term. If you hold it one year or less, your capital gain or loss is short term.

You may have to report capital gains and losses on Form 1040, Schedule D. The tax rates that apply to a net capital gain are generally lower than the tax rates that apply to other income. These lower rates are called the maximum capital gain rates. The term “net capital gain” means the amount by which your net long-term capital gain for the year is more than your net short-term capital loss. For 2008, the maximum capital gain rates are 28% for gains on collectibles and certain qualified small business stock, 25% for unrecaptured section 1250 gains, 15% for all other gains if your regular tax rate is 25% or higher, and 0% for all other gains if your regular tax rate is lower than 25%.

If your capital losses exceed your capital gains, the amount of the excess loss that can be claimed is limited to \$3,000, or \$1,500 if you are married filing separately. If your net capital loss is more than this limit, you can carry the loss forward to later years. Additional information on capital gains and losses can be found in Publications 550, *Investment Income and Expenses*, and Publication 544, Sales and Other Dispositions of Assets. If you sell your main home, refer to Topics 701 and 703, or to Publication 523, Selling Your Home.

Note: Foreign income. If you are a U.S. citizen who sells property located outside the United States, you must report all gains and losses from the sale of that property on your tax return unless it is exempt by U.S. law. This is true whether you reside inside or outside the United States and whether or not you receive a Form 1099 from the payer.

Visit us online at: www.irs.gov

Split Refund Option

Taxpayers may split their refunds among up to three accounts held by up to three different U.S. financial institutions, such as banks, mutual funds, brokerage firms or credit unions. To split their direct-deposit refunds among two or three different accounts or financial institutions, taxpayers should complete the new Form 8888, Direct Deposit of Refund to More Than One Account. Taxpayers can also continue to use the direct deposit line on the Forms 1040 to electronically send their refunds to one account.

PAYMENTS & POSTMARKS

If you owe money on your 2008 tax return, you can pay by check, money order, or credit card. Make your check or money order payable in US Dollars to the: "United States Treasury" for the full amount due. Do not send cash. Write: "2008 Form 1040" and your name, daytime phone number, and social security number (SSN) on your payment. You may now use your credit card to make all of the following type payments: (a) tax on Forms 1040, 1040A, 1040EZ; (b) estimated tax payments (Form 1040-ES); (c) tax you estimate as due on Form 4868; (d) installment agreement payments (for tax years 1999 and later); and (e) any balance due shown on an individual income tax return notice!

Payment by Credit Card. You can also e-file and e-pay your taxes in a single step by authorizing a credit card payment. All major credit cards are accepted: American Express, Discover Card, MasterCard card, or Visa card. This option is available through some tax preparation software and tax professionals. Two other ways to pay by credit card are by telephone or Internet. For more information or to make a payment, you may contact the following service providers.

Official Payments Corporation	Link2GovCorporation
1-800-2PAY-TAX	1-888-PAY-1040
1-877-754-4413 (Customer Service)	1-888-658-5465 (Cust. Serv.)
www.officialpayments.com	www.PAY1040.com

Foreign Postmarks. Federal tax returns, claims for refund and other documents mailed to the Internal Revenue Service are treated as filed on the date of the postmark, including foreign postmarks. However, payments mailed from outside the US are not provided the same treatment. **Payments with foreign postmarks are considered received on the date of the actual postmarked date.** This includes payments submitted with tax returns.

For more details, visit the IRS home page at: www.irs.gov .

DIRECT DEPOSIT OF REFUND

Want a faster refund? More and more taxpayers are choosing direct deposit as the way to get their federal tax refunds. The payment is more secure — there is no check to get lost. And, it's more convenient — no special trip to the bank to deposit a check. To request direct deposit, follow the instructions for "Refund" on your tax return.

Want an even faster refund? Try e-file or free-file. Taxpayers who file electronically get their refunds in about half the time as those who file paper returns.

A word of caution — some financial institutions do not allow a joint refund to be deposited into an individual account. Check with your bank or other financial institution to make sure your direct deposit will be accepted. Also, make sure you have the correct nine digit routing number and your correct account number when selecting direct deposit.

For more information about direct deposit of your tax refund, check the instructions for your tax form. This and other helpful tips are available in IRS Publication 17, Your Federal Income Tax. Download a copy or call toll free 1-800-TAX-FORM (1-800-829-3676) to order your free copy. IRS Frankfurt has a limited supply of this form.

For more information visit us online at: www.irs.gov

FOREIGN EARNED INCOME EXCLUSION & FOREIGN TAX CREDIT

If you have a tax home in a foreign country and you meet either the bona fide residence test or the physical presence test, you may be able to claim the foreign earned income exclusion up to **\$87,600 in 2008**, and claim the housing exclusion or deduction. Use Form 2555-EZ if you do not have self-employment income, you do not claim the housing exclusion and the totality of your foreign earned income is reported on Form 1040 line 7. The exclusion is entered as a subtraction on line 21 (other income) using parentheses or angled brackets. US Government employees do not qualify for the foreign earned income exclusion or the housing deduction.

If you paid or accrued foreign income taxes during the year, you generally can choose to claim these taxes as a credit against your U.S. income tax or you can deduct them as an itemized deduction. To claim the foreign tax credit, use Form 1116. However, if your only foreign source income is passive (interest, dividends, etc.) and is reported to you on a payee statement issued by a U.S. financial statement, you may be able to claim a credit of up to \$300 (\$600 if married filing jointly) without using Form 1116.

See IRS Publication 54, *Tax Guide for U.S. Citizens and Resident Aliens Abroad*, and Publication 514, *Foreign Tax Credit for Individuals*, for further information.

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ESTIMATED TAX FOR INDIVIDUALS

Estimated tax is the method used to pay tax on income that is not subject to withholding (for example, earnings from self-employment, interest, dividends, rents, alimony, etc.). In addition, unless you have elected voluntary withholding, you should make estimated tax payments on the taxable portion of your U.S. social security benefits. In most cases, you must make estimated tax payments if you expect to owe at least \$1,000 in tax for 2009 (after subtracting your withholdings and credits) and you expect your withholdings and credits to be less than the **smaller** of:

1. 90% of the tax shown on your 2008 tax return, or
2. The tax shown on your 2008 tax return (110% of that amount if you are not a farmer or fisherman and the adjusted gross income shown on that tax return is more than \$150,000; more than \$75,000 if married filing separately for 2008).

Exception. You do not have to pay estimated tax if you were a U.S. citizen or resident alien for all of 2008 and you had no tax liability for the full 12-month 2008 tax year. For further information or to pay any estimated tax for 2009, get IRS Form 1040-ES.

For more information visit us online at: www.irs.gov.

FOREIGN BANK ACCOUNTS

Each United States citizen or resident of the United States who has a financial interest in or signature authority, or other authority over any financial accounts, including bank, securities, or other types of financial accounts in a foreign country, if the aggregate value of these financial accounts exceeds \$10,000 at any time during the calendar year, must report that relationship each calendar year by filing **Form TD F 90-22.1, the Report of Foreign Bank and Financial Accounts**, with the Department of the Treasury. You should also check the appropriate box on Part III of Schedule B of your Form 1040. You do not have to file the report if the assets are with a U.S. military banking facility operated by a U.S. financial institution or if the combined assets in the account(s) are \$10,000 or less during the entire year. Note: this is **not** a taxable return form, and should **not** be attached to your Form 1040. Form TD F 90-22.1 must be filed by June 30 each year for the preceding calendar year. File this form with: U.S. Department of the Treasury, P.O. Box 32621, Detroit, MI 48232-0621. Please note that this form was revised in October 2008. Be sure to use the correct revision.

For more information visit us online at: www.irs.gov .

WHERE'S MY REFUND?

You filed your tax return and you're expecting a refund. You have just one question and you want the answer now - Where's My Refund? Access this secure Web site to find out if the IRS received your return and whether your refund was processed and sent to you.

New program enhancements allow you to begin a refund trace online if you have not received your check within 28 days from the original IRS mailing date. Some of you will also be able to correct or change your mailing address within this application if your check was returned to us as undelivered by the U.S. Postal Service. "Where's My Refund?" will prompt you when these features are available for your situation. To get to your refund status, you'll need to provide the following information as shown on your return:

Your Social Security Number (or IRS Individual Taxpayer Identification Number)
Your Filing Status, (Single, Married Filing Joint Return, Married Filing Separate Return, Head of Household, or Qualifying Widow(er))
The Refund amount (It is important to enter the refund amount exactly as it is shown on your return in order for our computer system to retrieve your data)

For more information visit us online at: www.irs.gov

IRS NOTICES

If you receive an IRS notice that you believe is incorrect, you should respond as soon as possible, by calling the telephone number identified on the notice or by writing to the IRS office that sent you the bill. You may also call the IRS Customer Service Center in Philadelphia at: (215) 516-2000. Alternatively, you may phone the IRS Office in Frankfurt at 49 69 7535 3834 or 3823 between the hours of 0800 to 1530, Monday through Friday. Please note that the Frankfurt IRS office does not have the ability to adjust any notice amount. IRS Publication 594, *The Collection Process*, contains guidance on how to respond to IRS notices.

In your response, explain why you think the notice is incorrect and include with your correspondence a copy of the IRS notice and copies of any records, canceled checks, etc., that you think will help IRS understand the problem.

If you need more time to gather information, contact the IRS immediately to ask for additional time. If the IRS finds that you are correct, it will adjust your account accordingly.

For more information visit us online at: www.irs.gov .

RENTAL INCOME AND EXPENSES

You must include in income all amounts you receive as rent. Rental income and expenses are entered on Schedule E and net rental income or loss is then carried to the income section of Form 1040. If, after beginning to rent your property, you sometimes use the property for personal purposes, you must divide your expenses between rental and personal use. If you change your main home to rental use at any time other than at the beginning of your tax year, you must also divide or prorate yearly expenses such as depreciation, taxes, insurance, and mortgage interest between rental use and personal use. You can deduct the cost of repairs to your rental property. You cannot deduct the cost of capital improvements. These costs are recovered by taking depreciation deductions spread out over a number of years. Rental losses are subject to various limits under the passive activity and at-risk rules. Excess or non-deductible loss is carried forward to the following tax year. Sale of a rental property does not qualify for the preferential tax treatment given the sale of a main home.

For more information about how to report rental income and expenses, refer to IRS Publication 527 at: <http://www.irs.gov/pub/irs-pdf/p527.pdf>. For Information on how to figure and report any gain or loss from the sale of your rental property, see Publication 544 at: <http://www.irs.gov/pub/irs-pdf/p544.pdf> . For further information, visit us online at: www.irs.gov or paste these links into your internet browser: <http://www.irs.gov/taxtopics/tc414.html> or <http://www.irs.gov/businesses/small/industries/article/0,,id=98895,00.html> .

IRS LATE CHARGES

If you do not file your tax return and pay your tax by the due date, you may have to pay a penalty. You may also have to pay a penalty if you substantially under-state your tax, file a frivolous return, or fail to supply your social security number or other required tax identification number. If you provide fraudulent information on your tax return, you may have to pay a civil fraud penalty.

The IRS recognizes many people drop out of the system because of personal problems, including serious illness, a death in the family, or loss of financial records in a natural disaster. Depending on the situation, informing the IRS why returns have not been filed could result in a waiver of penalties.

Filing late. If you do not file your return by the due date (including extensions), you may have to pay a **late filing** penalty. The penalty is usually 5% of the unpaid tax for each month or part of a month that the return is late, but not more than 25%. If you file your return more than 60 days after the due date or extended due date, the minimum penalty is the smaller of \$100 or 100% of the unpaid tax.

Paying tax late. You will have to pay a **late payment** penalty of $\frac{1}{2}$ of 1% (.50%) of your unpaid taxes for each month, or part of a month, after the due date that the tax is not paid.

If both the failure-to-file penalty and the failure-to-pay penalty apply in any month, the total monthly penalty is 5% of the unpaid tax. Interest is charged on tax you do not pay by the original due date of your return. Interest is charged even if you get an extension of time for filing. Interest is also charged on penalties. Interest accrues from the date the payment was due (determined without regard to any extensions of time) until it is received by the IRS.

For more information visit us online at: www.irs.gov.

ESTATE AND GIFT TAX

If you give someone money or property during your life, you may be subject to federal gift tax. The money and property you own when you die (your estate) may be subject to federal estate tax. This is in addition to the individual income tax return requirement. The first \$12,000 you give someone during a calendar year (annual exclusion) is not taxable. Gross estates of not more \$2,000,000 (2006, 2007, and 2008) or \$3,500,000 (2009) are not taxable. The following table lists the filing requirement for the estate of a decedent dying after 2003.

Year	For Gift Tax Purposes:		For Estate Tax Purposes:	
	Unified Credit	Applicable Exclusion Amount	Unified Credit	Applicable Exclusion Amount
2006, 2007, and 2008	345,800	1,000,000	780,800	2,000,000
2009	345,800	1,000,000	1,455,800	3,500,000

Click on the following links (or paste them into your internet browser) to obtain further information:

<http://www.irs.gov/businesses/small/article/0,,id=164871,00.html> (Estate and Gift Taxes)

<http://www.irs.gov/publications/p950/ar01.html#d0e16> (Publication 950 – Introductory Material)

<http://www.irs.gov/publications/p950/ar01.html#d0e16> (IRS Publication 950, Introduction to Estate and Gift Taxes)

<http://www.irs.gov/pub/irs-pdf/p559.pdf> (IRS Publication 559, Survivors, Executors and Administrators)

For further information get IRS Publication 950, Publication 559, Form 706, United States Estate Tax Return, and Form 709, United States Gift Tax Return, or visit us online at: www.irs.gov

INSTALLMENT AGREEMENTS

The IRS charges a user fee to set up your installment agreement. The user fee for new installment agreements entered into after January 1, 2007 is \$105 and \$52 for agreements where payments are deducted directly from your bank account. Taxpayers with income at or below established levels, based on the Department of Health and Human Services poverty guidelines, can apply and be qualified to pay a reduced user fee of \$43 for establishing new agreements including agreements where payments are deducted directly from your bank account. Information about requesting the reduced user fee will be included in installment agreement acceptance letter sent to individuals.

There is also a user fee of \$45 effective January 1, 2007 regardless of income level for reinstating defaulted agreements or restructuring existing agreements. If you already have an approved installment agreement from a previous tax debt and your financial situation has changed, we may be able to modify or restructure your installment agreement to include additional amounts owed into one agreement.

If you want to pay off your tax debt through an installment agreement, call the number shown on your bill. If you owe:

- \$25,000 or less in tax, we'll tell you what you need to do to set up the agreement
- More than \$25,000, we may still be able to set up an installment agreement for you, but we may also ask for financial information to help us determine your ability to pay

Even if you set up an installment agreement, we may still file a Notice of Federal Tax Lien to secure the government's interest until you make your final payment.

Note: We can't take any collection actions affecting your property while we consider your request for an installment agreement, while your agreement is in effect, for 30 days after we reject your request for an agreement or for any period while you appeal the rejection. If you arrange for an installment agreement, you can pay with:

- Personal or business checks, money orders, or certified funds (all made payable to the U.S. Treasury)
- Payroll deductions your employer takes from your salary and regularly sends to IRS
- Electronic transfers from your bank account or other similar means

For more information visit us online at: www.irs.gov

EXTENSION REMINDER

Automatic 2-month extension for overseas filers. If you are a US citizen or resident and your tax home is outside the USA on April 15, 2009, you are automatically granted a 2-month extension to file your taxes. If you file on a calendar year basis, this means you have until June 15, 2009 to file your 2008 income tax return. To get this extension, attach a statement to the front of your return, indicating "Overseas Filer, Automatic Extension". However, any tax due and paid after April 15, 2009 will be subject to an interest rate of 5% per annum. None of the IRS dates for filing returns or paying taxes are extended due to foreign holidays.

Automatic Six-Month Filing Extension Available. Taxpayers who are unable to meet the regular tax-filing deadline can request an automatic six-month extension, without a reason or even a signature. Those granted this extension must file returns by October 15, 2009. A tax-filing extension does not extend the tax-payment deadline. See Form 4868 and its instructions for more information. Form 2688 has been discontinued.

In addition to this 6-month automatic extension, taxpayers who are out of the country (as defined in the Form 4868 instructions) can request a discretionary 2-month additional extension of time to file their returns (to December 15th for calendar year taxpayers).

To request this extension, you must send the Internal Revenue Service a letter explaining the reasons why you need the additional 2 months. Send the letter by the extended due date (October 15 for calendar year taxpayers) to the following address:

Internal Revenue Service Center
Austin, TX 73301-0215
USA

You will not receive any notification from the Internal Revenue Service unless your request is denied for being untimely.

Form 2555 and 2555EZ filers. If your tax home is in a foreign country, and you need more time to qualify for "bona fide residence test" or "physical presence test" (Form 2555), you should file extension Form 2350 by the due date of your return, generally June 15th for overseas taxpayers. The discretionary 2-month extension is not available to those filing Form 2350.

For more information visit us online at: www.irs.gov.

THE TAXPAYER ADVOCATE SERVICE

If you have tried to resolve a problem with IRS, but have been unable to get it resolved, you should contact the Taxpayer Advocate. The Taxpayer Advocate represents your interests and concerns within the IRS by protecting your rights and resolving problems that have not been fixed through normal channels. While the Taxpayer Advocate cannot change the tax law or make a technical tax decision, he/she can clear up problems that resulted from previous contacts and ensure that your case is given a complete and impartial review.

To contact the Taxpayer Advocate, you can call the Taxpayer Advocate Service Case *Intake Line* at 1-877-777-4778 or 1-800-829-4059 call (787) 622-8940 for English or (787) 622-8930 for Spanish, or (787) 622-8933 for fax, all in the United States.

Note: These are not toll-free numbers!

You can also write to the Taxpayer Advocate at:

Internal Revenue Service
Attn: Taxpayer Advocate Service
San Patricio Office Building Rm. 200
7 Tabonuco St.
Guaynabo, P.R. 00966
USA

For further information about the Taxpayer Advocate Service click on the following link to IRS Publication 1546 (or paste it into your internet browser): <http://www.irs.gov/pub/irs-pdf/p1546.pdf> . To request Taxpayer Advocate Service assistance, use Form 911. For a complete overview you can also go to: <http://www.irs.gov/advocate> .

For more information visit us online at: www.irs.gov

IRS Mailing Addresses for Overseas Filers:

Tax Form	Mail to:
1040, 1040A, 1040EZ, 1040V, 1040NR, 1040NR-EZ, 1040X	Internal Revenue Service, Austin, TX 73301-0215
1120, 1120-A, 1120-F, 1120-S	Internal Revenue Service Center, P.O. Box 409101, Ogden, UT 84409
2555, 2555EZ (filed with Form 1040)	Internal Revenue Service, Austin, TX 73301-0215 USA
4868 (No payment)	Internal Revenue Service, Austin, TX 73301-0215 USA
4868 (with payment) NEW!	Internal Revenue, P.O. Box 1302, Charlotte, NC 28201-1302 USA
SS-4 (Address depends on legal residency, see SS-4 instructions)	Internal Revenue Service, Attn: EIN Operation, Philadelphia, PA 19255 USA
W-7	Internal Revenue Service, ITIN Operation, P.O. Pox 149342, Austin TX
Address to give to Private Delivery Services	
W-7	IRS, Submission Processing Center, ITIN Operation Mail Stop 6090-AL Interregional, Hwy 35, Austin, TX 78741-0000 USA
All other forms	IRS, 3651 S. Interregional HWY 35, STOP 6061 AUSC, Austin, TX 78741 USA