

JOSEPH C. BISSONNETTE & CO., LLC

NEWSLETTER

JANUARY/FEBRUARY 2008

IT'S THAT TIME OF YEAR AGAIN!

It's time to get your information together to give to us in order to prepare your taxes.

A few new things to be aware of:

- There's a new deduction for those who itemize: mortgage insurance premiums. It applies to taxpayers with adjusted gross income of less than 109,000 who purchased a home in 2007 with a mortgage insurance contract. The Bank will indicate the amount of deductible mortgage insurance on their year-end tax form 1098.
- Cash donations to charitable organizations are no longer deductible unless you have a dated receipt from the organization, or a cancelled check as proof.

Residential Energy Credits are still available, so if you're installed new windows, insulation, solar panels, or other energy-saving improvements to your home, be sure to give us the receipts.

Here's a list of items commonly forgotten by taxpayers when bringing in their work:

- Car taxes, Real Estate Taxes
- Charitable Donations
- Closing and/or Purchase Documents on Real Estate Sales
- Cost Basis and Date Purchased for any stocks and bonds sold during the year
- K-1 Forms from a Partnership or S-Corp.
- Business mileage for Schedule C or unreimbursed employee expenses
- If you have Gambling Income, please provide us with your losses for the year
- Do you have a new dependent? (We need name, SS# and date of birth)
- New Filing Status? Did you marry, divorce, or become widowed?
- Are your children filing their own taxes and claiming their personal exemption?
- Forms 1099B, Int, & Div. (Some brokerage houses have stated that their forms may be mailed as late as March 2008. Be Patient!)

Remember, if you don't give it to us, or tell us about it, we won't know! Please give us any and all tax forms you receive in the mail.

We have a new, shorter (one page) Client Drop-Off Worksheet which we would like you to fill out and sign when you bring in your work. If you'd like to get a copy before you bring in your information, click here:

<http://www.jcbcpa.com/pdf/2007PriorClientDrop-off.pdf>

Two Sales Tax Exemptions for Fuel Efficient Motor Vehicles

The State of Connecticut has two new sales and use tax exemptions for purchases or leases of fuel efficient motor vehicles. These apply to Hybrid motor vehicles and High Miles-per-Gallon vehicles. The exemptions apply to the purchase or lease of a new or used qualifying motor vehicle from a motor vehicle dealer or a non-dealer owner. The exemption is for sales occurring on or after January 1, 2008 and on or before June 30, 2010. Some models that qualify are Honda Civic Hybrid, Honda Insight, Toyota Prius, Volkswagen Golf Diesel, Volkswagen Jetta Diesel, Volkswagen Jetta Wagon Diesel, and Volkswagen New Beetle Diesel. For details on the model years, and for more detailed information, go to: <http://www.ct.gov/drs/cwp/view.asp?Q=400072&A=1436>

ATTENTION EMPLOYERS

New Law Affects All Employers Providing Health Insurance Benefits

Effective October 1, 2007, any employer that provides healthcare insurance benefits, paid at least in part through payroll deduction, must now provide their employees with the ability to have those payroll deductions excluded from their gross income for state or federal income tax purposes. In other words, these employers must now establish a health insurance plan under Section 125 of the Internal Revenue Code.

This new law, Public Act No. 07-185, does not define the term "employer" nor does it include a threshold number of employees. The law affects only those businesses that provide health insurance premiums to employees.

The relevant language from Public Act No. 07-185 follows:

Sec. 23. (New) (Effective October 1, 2007) Any employer that provides health insurance benefits to its employees for which any portion of the premiums are deducted from the employees' pay shall offer such employees the opportunity to have such portion excluded from their gross income for state or federal income tax purposes, except as required under Section 125 of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, from time to time amended.