

An Asset, Not an Expense!

Our newsletter is now MONTHLY!



1 Country Club Executive Park
Glen Carbon, Illinois 62034
(618) 288-8989
www.tzinberg.com

231 S. Bemiston Ave. Suite 910
Clayton, Missouri 63105
(314) 880-0189
info@tzinberg.com



"Winning is crucial to my retirement plans."

© The New Yorker Collection 1993 Al Ross from cartoonbank.com.
All Rights Reserved.



Have Dinner on Us!

Answer this month's trivia question correctly and you could win a \$50.00 gift certificate at a great restaurant!

Here is the question: "What is the land speed record for a jet-powered car?"

- a) 520mph b) 4,312mph
- c) 763mph d) 310mph

The first 10 people with correct answers to call us at **(618) 288-8989**, or email **contest@tzinberg.com** will be entered in a drawing for a \$50.00 gift certificate. The winner will be drawn about October 20th.

That's it, no strings attached! And here's a hint: The answer is located within this newsletter, so read carefully and Good Luck!

We are accepting new clients, and appreciate your referrals! Please call Alex Tzinberg, our Vice-President of Business Development, at (314) 277-0711 or (618) 205-4026, or email him at alex@tzinberg.com.

The information in this newsletter is of a general nature, omits many details and special rules, is current only as of its published date, and accordingly cannot be regarded as tax advice. Please contact our office for more information regarding your specific situation.

Year-end Tax Planning Ideas For Business Capital Purchases

Increased business spending for durable goods and capital items indicates that businesses might have started to loosen their purse strings. From a tax standpoint, this is a good time to consider capital purchases thanks to some extraordinary tax benefits available through the end of the year. If your business is considering expansion or capital purchases, now may be the time to act—because without Congressional action, which is unlikely due to increasing Federal budget woes, the following business benefits will no longer be available after the close of 2009.

- **Bonus Depreciation** - Under the first-year bonus depreciation rules, taxpayers may generally claim an additional first-year depreciation deduction equal to 50% of the cost of qualified property placed in service in 2009. This bonus depreciation deduction is allowed for both regular tax and AMT purposes. Qualified property includes equipment and machinery that is purchased new and placed into service before the end of the year.
- **Luxury Auto Limitations** – Generally, vehicles weighing 6,000 pounds or less are classified as luxury vehicles, and the first-year depreciation is 20% of the cost of the vehicle but limited to a maximum of \$2,960 (\$3,060 for light trucks), regardless of the cost of the vehicle. However, for 2009, and at the taxpayer's election, that maximum is increased to \$10,960 (\$11,060 for light trucks). This increase is attributable to the bonus depreciation allowable for 2009.
- **Enhanced Expensing (Sec. 179)** - For equipment and machinery placed in service in 2009, the maximum expensing allowance is \$250,000; it phases out when the cost of eligible property placed in service during the year exceeds \$800,000. Barring any change by Congress, the \$250,000 and \$800,000 amounts will reduce to \$125,000 and \$500,000 in 2010, and drastically decline to \$25,000 and \$200,000 in 2011.
- **Quick Write-Offs for Most New Farming Machinery and Equipment** – Those engaged in a farming business have the opportunity to depreciate qualifying new farming machinery and equipment over a 5-year period, instead of over the generally applicable 7 years. To qualify, the original use of the property must have begun with the taxpayer after December 31, 2008, and before January 1, 2010. Grain bins, cotton ginning assets, and fences or other land improvements are not eligible for the 5-year write-off period. Generally, farming machinery and equipment also qualifies for the increased expensing and bonus depreciation deductions previously discussed, providing extraordinarily large tax write-offs for 2009.
- **15-Year Write-Off for Leasehold Improvements** – Qualified leasehold improvements, restaurant improvements, and retail improvements completed and placed into service before January 1, 2010 may be written off over 15 years instead of the usual 39 years. This more than doubles the annual write-off for these improvements.

New Law That We LIKE!!!

A year ago, President Bush signed H.R. 1424 into law. It requires brokerage firms to track and report cost basis information. The law takes effect in 2011 and is phased in over three years, depending on the security.

Many people aren't aware that they need to track basis. Under current law, brokerage firms report the gross proceeds (only) to the IRS, and unless the seller reports the sale on a tax return, the IRS assumes 100% of the proceeds is taxable. Many brokerage firms currently report basis to customers, but not all do. Remember the general rules: if you purchase stock, your basis is what you paid increased by any future reinvested dividends. If you are gifted stock, your basis is that of the donor. If you inherit stock, your basis is fair market value at the date of death. The new law won't really help much for many decades, but it's good news!

FOLLOW US:

Twitter I <https://twitter.com/tzinberg>
Facebook I <http://facebook.com/tzinberg>
LinkedIn I <http://www.linkedin.com/in/tzinberg>



Did you know?

This is a fast month — a number of speed records have been set during October. On October 14, 1947, Chuck Yeager became the first person to break the sound barrier when he flew the X1 experimental plane. He hit a speed of 700mph flying at 45,000 feet. Though he was the first to fly that fast, he certainly wasn't the last!

Though top-secret experimental aircraft may have flown faster, the current flight speed records are:

- Lockheed SR-71A (jet-powered) – 2,193mph, set July 28, 1976
- North American X-15A-2 (rocket-powered) – 4,520mph, set October 3, 1967

The current land speed record is:

- ThrustSSC (turbofan jet-powered car) driven by Andy Green – 763mph, set Oct. 15, 1997

The current water speed record is:

- Spirit of Australia (turbojet boat) driven by Ken