



DARNALL ACCOUNTING & TAX SERVICE INC.

"Your Northwest tax support since 1984"

Dear Valued Client:

You may have heard news reports of a Congressional planned rebate for 2008. Today, February 13, 2008, President Bush signed the "stimulus package" into law.

What do you need to do?

This advanced rebate for 2008 will be based upon your 2007 tax return filing and you otherwise need to do nothing other than file your 2007 tax return.

How much of the rebate will you receive?

In most cases, the payment will equal the amount of tax liability on your 2007 tax return with a maximum amount of \$600 for individuals and \$1,200 for taxpayers who file joint tax returns. Even taxpayers who have little or no tax liability may qualify for a minimum payment of \$300 or if filing a joint return, \$600. Rebate rules concerning taxpayers who have no taxable income but are recipients of social security, veterans' benefits and Railroad retirement are complex and will be evaluated on a case by case basis.

It is important to note that even if there is no requirement to file a tax return because of insufficient income, in order to receive the rebate you must file. Perhaps you know someone, a relative or friend, who might be in this situation. Please let them know of the rebate and the potential to receive it. I am always happy to assist anyone referred by you.

Is there an income limitation?

Yes. Eligibility for the advance payment is subject to maximum income limits. The rebate will be reduced by 5 percent of the amount of income in excess of \$75,000 for individuals and \$150,000 for those who file jointly.

Individuals who pay no tax and have less than \$3,000 of Social Security, veterans' benefits or Railroad Retirement benefits will not qualify for the rebate.

Does the rebate include anything for the children I report on my return?

Yes, Parents and anyone else eligible will receive an additional \$300 for each qualifying child under the age of 17 but this will be subject to the income limitations of the rebate.

I understand the rebate is really an advance on 2008. How will this affect my 2008 tax return?

When we file your 2008 tax return, you will have received a statement from the IRS saying what advanced rebate you have already received. If your dependents or income have changed when we file your 2008 tax return you may actually be entitled to a larger rebate. If you received more of a rebate in 2008 than the amount to which you were entitled you will not be penalized and will not have to pay it back.

What if I get an extension and do not file my return on April 15, 2008?

Extended 2007 tax returns will continue to be used to calculate the advanced rebate and you will receive the rebate in 2008. If you do not file a 2007 tax return during 2008, no advanced rebate will be issued after December 31, 2008. The rebate will then be calculated on your 2008 tax return.

The IRS will be mailing taxpayers informational notices advising them of the stimulus payments. The first general notice from the IRS will explain the stimulus payment program. The second notice will confirm your eligibility, the payment amount and the approximate time table for the payment. You will need to save this notice to assist us when we prepare your 2008 tax return.

The IRS has issued a warning that taxpayers should be alert for tax rebate scams such as telephone calls or emails claiming to be from the IRS and asking for sensitive financial information. The IRS will not call or email taxpayers about these payments nor will it ask for financial information.

It is my hope to have answered some of your questions concerning the “stimulus package” rebate program. If you have further questions or concerns please telephone my office. It is always my desire to make you an informed and confident taxpayer. I look forward to working with you.

Sincerely,

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