

**Flavin & Associates, Inc.**  
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Dear Client,

Happy Holidays! We wish everyone good fortune in the year ahead. The last two years have been incredible. One again, we are living with lots of new tax law changes for 2009 and 2010 for both federal and state. Following is a short list of the highlights that may pertain to you. Please check our web site for useful information about the use of credit and debit cards to pay your bill as well as for other useful links. Our Staff can be contacted by email via our site at [www.FlavinEA.com](http://www.FlavinEA.com) with any tax or appointment questions.

If the scheduled appointment time does not work for you, please call to reschedule as soon as possible (209 532-4053). If no appointment is listed, please mail or drop off your tax information as usual.

**TAX PREPARATION APPOINTMENT:**

**New tax provisions:**

**FEDERAL & STATE**

- Mileage rate for 2009 = \$.55, Mileage rate for 2010 is \$.50
- AMT patch for 2009 has passed again, someday maybe it will be permanent
- IRA required minimum distribution is suspended for 2009 only
- IRA contributions must be made by April 15<sup>th</sup>, \$5000 or \$6000 over 50 years old
- Bring your closing escrow if you purchased a home in 2009
- Non-cash deductions must be substantiated, IRS is auditing aggressively in this area, must have receipts
- Special rules for foreclosed property, info will be reported on Forms 1099-A and 1099-C
- Capital gain tax rate: 0% or 15% for 2008-2010, 2011 rates will be 10% and 20%
- State withholding has gone crazy along with the estimated payment schedule for 2010-pay up front
- State tax rates are up by .25% for 2009, maximum rate of 9.55%
- California is looking for use tax on out of state purchases, reported on your tax return

We have finally seen some improvement in aspects of the economy. We hope to see continued improvements in the coming year. Check you life insurance policy to make sure the premiums will continue to cover the costs due to low interest rates. Check your financial, estate and retirement plans to keep you on track and make sure you have enough to support you in retirement.

This has been a strange year for tax planning which has been a moving target. Federal withholding charts were lowered in anticipation of a credit on the tax return. However, not everyone gets the credit so some folks may owe the federal for 2009. The state withholding charts went up twice during the year to accommodate the addition .25% tax. Some folks may have a state refund. And the year is not over yet!

Beginning January 1, 2009, we need your written permission to provide a copy of your tax return to anyone else but you. See our website for a sample letter or call if you need your tax return sent to someone else such as a bank or lending institution.

Please contact us for a tax planning appointment if you have a life-changing event. Also call anytime you have questions about the tax laws and how they relate to your tax life. There is more emphasis on audits and collections by the IRS and Franchise Tax Board. Be sure to let us know if you receive a notice from any of the tax agencies.

The Staff of Flavin and Associates, Inc. would like to wish each of you a joyous holiday season and a prosperous New Year. Enjoy family and friends this holiday season and travel safely. See you at tax time!

Sincerely

Flavin & Associates, Inc.  
Connie Ferrell EA, Tim Flavin EA, Jamie Peterson CRTP, Elizabeth Boone, CRTP