

Need An Extra Copy of Your Return? If you need an extra copy of your return at tax time please let us know and we will prepare one for you. If you contact us later about needing an extra copy, or request that we send one to your mortgage company or a college, we will need to have your written permission to provide that copy.

We do charge for extra copies, if you have us prepare it at your tax appointment the fee is \$5. If you request it later and you pick it up our fee is \$10 or if you give us permission to fax it the fee is also \$10, if you have us mail it to you our fee is \$13. The IRS is now charging \$57 for a copy of your return.

Need us to send a copy of your return to your bank or anyone else? The IRS now requires you to give us written and signed permission to provide this for you. We have posted a consent form on our website www.pyestax.com for your use—please fill it out, print it out and send it to us by fax, e-mail or snail mail.

Investment Statements will be later this year—new deadline to send this out is February 15th as opposed to January 31st. Hopefully this will cut down on the number of corrected statements you receive.

New Kiddie Tax Rules apply to dependents up to age 23 who have investment income over \$1800.00. If this applies to your children then they no longer qualify to file a 1040-EZ. Their investment income has to be taxed at your tax rate. We want to encourage you to consider having us do their tax return. You can bring their information with you to your tax appointment but we can not guarantee that we will have time to do their return at that time. We will do it later on and call you when it is ready. Or you can make an appointment to have their taxes done separately from your appointment.

H & R Pye's Year 2008

We hope that all of you have had a healthy year! We are pleased to report that Ron's cancer is still in remission!

Unfortunately, we lost our long haired kitty 1040 to cancer November 24th. She was diagnosed in June with a very aggressive cancer caused by an ingredient in vaccines. It is the ingredient that makes the vaccines work longer. We encourage you to discuss the risk with your Veterinarian. The treatment would have involved amputation of her leg, hip and half of her pelvis plus radiation all taking place in Boston. We couldn't do that to her—so we kept her with us and loved her as long as she was still happy. We were fortunate to have her with us and in good health and happy until the weekend before Thanksgiving. We want to thank Dr Karen Freedman of Androscoggin Animal Hospital for all of her great care and support.

Depreciation went thru a period of mourning, lost weight and got dehydrated but with Dr Freedman's help we were able to help her and she is doing better. She is never very far away from any of us and comes to all of our meetings.

In May we went on our Alaskan Cruise and Land Tour. We flew to Seattle where we did a city tour, then flew to Vancouver where we took a ferry and tour to Burkhart Gardens—very beautiful even in early May! Then we boarded our Princess Cruise Ship for our 7 night cruise to be followed by our 5 night land tour. In total, the trip encompassed 17 days.

If you ever get the opportunity to go to Alaska—please grab it and run with it. It is a beautiful area—when our cruise ship went to Glacier Bay—and we were able to see a Glacier calving

right in front of us—it was worth the entire cost of the trip. We did the cruise and then the land tour—we would recommend doing the land portion and then the cruise. The land portion is fun but tiring, by doing the cruise portion last you will have the opportunity to be pampered and rested at the end of your vacation.

During the land portion of our trip we joined the 30% Club—Mt McKinney is only fully visible 30% of the time and we were fortunate and able to fully view it 2 days in a row! We went on a full day wilderness excursion in Denali Park and saw a Lynx—very rarely seen there, Caribou, Brown Bears, Moose, Bald Eagle close enough to photograph, tons of Dall Sheep and lots of different birds.

Our plan is to have a slide show running in the waiting room so that you can see some of the beauty that we got to see.

We were home for only 2 1/2 days, when we flew to Virginia to go to our granddaughter Caitlin Pye's High School Graduation. It was great getting to meet some of her friends and spend time with her. She is now in college in North Carolina. We are both very proud of her!

We were in Alaska while the American Cancer Relay for Life was being held at Brunswick High School. We want to thank everyone who donated to this worthy cause—our team the Prostate Cancer Conquerors raised almost \$5,000 this year.

We will be walking in the American Cancer Relay for Life this year and would appreciate any and all donations to this worthy cause. **(ksand)**

Our granddaughter came to Maine for a visit in August, and we had fun taking her shopping to get ready for College life. We spent an entire day going from store to store in the Brunswick and Topsham area to outfit her dorm room.

We attended a number of tax seminars to make sure that we are up to date on current tax laws. Once the new President and Congress takes over in January, we expect to see a number of changes—it is anybody's guess as to what those changes will be.

We have done some remodeling in our offices this year including tile, lights and paint. We hope you enjoy the new look.

We hope that you and your family have had a good and healthy year. We hope that your Holidays were Happy ones and that you are able to make special memories. We wish you health and prosperity in the coming year.

If you are in the Military or have family in the Military, we want to thank you for your (their) Service to our Country. We pray that everything goes well and that everyone gets home safely.

We continue to pray for peace and health for you and yours.

Holly & Ron Pye



Tax Tidbits That May Affect You and Yours

Standard Mileage Rates:

For 2008, the allowable deductions for the standard mileage rate for the period are as follows: (jedes)

Business miles: 50.5 for all business miles driven January 1 to June 30th, and 58.5 cents for all business miles driven after June 30th 2008.

Charitable services: 14 cents a mile. This includes volunteer coaching.

Medical reasons: 19 cents a mile January 1 to June 30th, and 27 cents after June 30th 2008 remember to include mileage to pick up prescriptions.

Moving: 19 cents a mile January 1 to June 30th, and 27 cents after June 30th 2008 for job related moves that increase your work commute by 50 miles or more. Plus tolls and other out of pocket costs.

If you prefer, we now are able to provide the client copy of your tax return in PDF format on a CD. This format would permit you to print OR e-mail copies of your tax return when needed for a home or equity loan, financial aid, etc. One major advantage to this format is that we can add future tax returns to the same CD, thus several years' returns will be all together in one place. Please remember to bring back your CD so that we can add this year's taxes to it. We will prepare your CD after tax season.

Do you pay for Long-term Care Insurance? If you do, you may qualify for a tax deduction. Please let us know how much you pay for yourself, your spouse, and/or your parents.

Annual Gift Tax Exclusion. \$12,000 per person for 2008 increasing to \$13,000 per person for 2009. If you give a gift greater than the annual exclusion per person you are required to file a Gift Tax Return. Please ask about this at your appointment. **If you get a gift it is not taxable to you unless it was something that you sell.** Then you will have to report the sale and pay taxes on the gain. In this case, we will need to know how much the gift cost the original owner. The person who gives the gift does not get a tax deduction.

Retirement Plan Contribution Limits.

2008 & 2009 IRA contributions (both regular and Roth) \$5,000 if you are younger than 50 years of age, \$6,000 if you are 50 years of age or older as of December 31, 2008.

Remember you must have earned income from wages or self-employment in order to put money into an IRA account. Your contribution is limited to the smaller of your earned income or the above limits. You are able to look to both spouses in order to qualify for earned income for purposes of contributing to your IRAs.

Type of Plan	2008	Catch up	2009	Catch up
401K	\$15,500	\$5,000	\$16,500	\$5,500
457	\$15,500	\$5,000	\$16,500	\$5,500
403b	\$15,500	\$5,000	\$16,500	\$5,500
Simple IRA	\$10,500	\$2,500	\$11,500	\$2,500
Sep IRA	20% of Self Employment	Max of \$45,000	20% of Self Employment	Max of \$49,000

Property Tax Deduction—if you are not able to itemize your tax deductions but you pay property taxes—whether on your home, vacation home or vacant land—you will be able to get an addition to your 2009 standard deduction of up to \$500 for a single taxpayer or up to \$1000 for a married filing joint taxpayer. Please make sure you bring us the property tax payments when you come in for your tax appointment.

Required Minimum Distributions Suspended for 2009—Because of the depressed Stock Market, the government has suspended the required minimum distribution for tax year 2009. This means that you do not have to take your distribution if you do not wish to and you will not be subject to a penalty. This applies to taxpayers who are at least 70 1/2 as of December 31, 2009. If you are getting a distribution and you don't want one for 2009 you must contact the administrator of the plan to let them know you don't want the 2009 distribution. However, if you turned 70 1/2 in 2008 and postponed your first required distribution until 2009 you still have to take that distribution.

Tax-free charitable donations for taxpayers 70 1/2 or older—if you wish to make charitable donations and you are unable to itemize your deductions you are now able to have a donation made directly from your IRA to the charity (up to a maximum of \$100,000 per year) without having to report the distribution as income on your tax return. If you would like more information about this, please ask us.

College Student in your family? - whether the student is yourself, your spouse or a child there are possible tax savings available to you. Please remember to bring in the tuition bills that show payments made in 2008 for tuition and fees. And you should also receive a form 1098T—please bring that with you as well. (tmwil)

Electronic Filing—is the safest way to file your tax return and the fastest way as well. Most of our clients are already using this service and last year the State of Maine made it mandatory for all tax professionals to file eligible Maine return's electronically with some exceptions. This year the goal is 100% filed electronically.

Charitable Contributions—since tax year 2007, to deduct any donations of money you must have a bank record, credit card statement or a written receipt from the charity showing the name of the charity, the date and amount of the contribution. Unfortunately, if you made a cash donation and do not have one of these receipts you will no longer be able to take the tax deduction.

Hope for Homeowners Act of 2008—this act was passed in July to help taxpayers in danger of losing their home. It took effect October 1, 2008 for troubled loans that originated no later than January 1, 2008. The program continues thru September 2011. There obviously are far too many rules and information for us to include in this newsletter. If you want more information on this program please check with your mortgage company. Or you can go on line to www.hopenow.com or call them at 1-888-995-Hope.

Thinking about taking money from your retirement accounts? Are you having problems keeping up with paying your bills? Are you trying to figure out what you can do to make things easier when old man winter hits? Please read this article in our November newsletter on page 5 because it could save you money and save you from having problems at tax time.

This will hold true with whatever form of retirement plan you have whether it is a 401K- Regular IRA- Solo 401K- Simple IRA- 403B- SEP- or 457. All of these have about the same rules. There are two that you can't borrow from, they are SEP and Simple IRA, you would have

Save Money On Your Property Taxes



Are you or your spouse a veteran and at least 62 years old? Have you owned your home for at least 12 months? If you answer yes to either or both of these questions, you may be qualified for the Veterans Exemption and/or the Homestead Exemption—call your town office today and ask about them.

Both of these exemptions only have to be applied for once and thereafter you will receive the reduction automatically. They are not a rebate instead they reduce the amount of taxes you pay. **They are for everyone regardless of your income.** Any questions call your town office.

If you move to a new home, you need to request that they transfer these exemptions to your new home.

Maine Property Tax and Rent Rebate

The deadline is June 1, 2009 for this year's program. Unfortunately, the program has been changed so fewer Maine residents qualify.

You may qualify for this Rebate if:

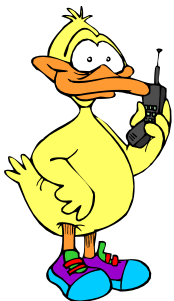
- You are single without any dependents and your 2007 income was \$60,000 or less
- You have a spouse or dependent(s) and your 2007 household income was \$80,000 or less.

And

- Your 2007 property tax was more than 4% of your 2007 household income; or,
- The rent you paid in 2007 was more than 20% of your 2007 household income.

We have been helping a lot of our clients get this rebate and if you would like our help please bring in your information at tax time and we will get this rebate done for you after tax season. (jshog)

If you decide to apply for this rebate yourself, please read the instructions carefully because there are a number of items that need to be added into your income to calculate household income.



How To Reach Us

If you have any questions about any of the articles in this newsletter (or any other tax matters) there are a number of ways to reach us:

- * Local callers (207) 443-6183
- * Long distance callers 1-877-pyestax (793-7829)
- * Fax us at (207) 443-8970
- * Email us at hollypye@pyestax.com or ronpye@pyestax.com
- * Our website is www.pyestax.com
- * Our office is located at: 46 Varney Mill Road Bath, ME 04530



2008 Contest Winners!!

Make Sure You Look For Your Client Code - You Have Now have 6 Chances to Win!

There were 6 client codes in the November TAXSAVER. We are very please to report that 2 clients called in. Jim & Leslie McMahan (jlmcm on page 2) from Georgetown called in first and will receive a \$50 credit off their 2008 tax return fee, and Harold Loveitt (hlov on page 1) of Bath called in second and will receive a \$40 credit off their 2008 tax return fee. Unfortunately Gordon & Darleen Field (glfie on page 3) of Brunswick; Dana Helms (dhel on page 6) of Jefferson; Eric Smith (esmi on page 4) of Woolwich; and Michael Temple (mtem on page 5) of Bath did not spot their client codes.

Remember all you have to do is read our newsletters - not only will you have a chance to win you also may learn something that may help lower your taxes.

Do You Need An Early Tax Appointment?

Do you need to have your return done early because you have a child that needs it for student loan information?

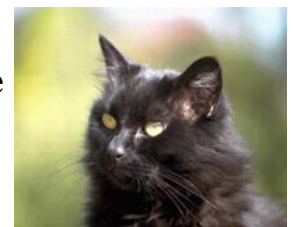
Are you a **self-employed fisherman** and earn 2/3 of more of your family's income from fishing? If you are you must file and pay your taxes on or before March 1, 2009.

Do you own a business? Remember we offer an **Early Business Discount**. If you have **ALL of your business records completed** and are just waiting for a few 1099s, W-2s and your bank documents then you are eligible for our Early Business Discount. To get the discount you need to have your tax appointment with us **by Friday January 23rd and get us the rest of your information by March 15th.** Remember, you should have all your information totalled by categories in order to minimize any accounting fees.

Call us at 443-6183 as soon as possible if any of the above situations apply to you—January and February appointments fill up fast.



Welcome Our Staff



We want to welcome back Debbie Horne (our year round staff person) for her 9th tax season with us. Laura Hall is back with us for her 8th tax season and has now joined our staff year round. Jennifer Collins is coming back for her 7th tax season, and Carol Toothaker is returning for her 4th tax season with us.

And of course we still have Depreciation with us. Although we lost 1040 this year she will be with us in spirit and in our hearts.

Business Owners—Save 50% on our fees for preparing your W-2s and 1099s

One of the services we provide is preparation of W-2s and 1099s for clients that have businesses or rental property. These forms need to be postmarked on or before January 31st. In order to meet this IRS deadline we need to have your information by Monday January 26th, 2009. **If you have all of your information to us by January 26th, we will give you a 50% discount off the cost of preparing these forms for you.**

If you are missing addresses or social security numbers you need to work on getting this information now so that you will be able to qualify for the discounted prices. Please make sure the names match their Social Security card or their Federal Identification records.

Please don't wait to give us this information when you have your tax return done. Not only could you be fined a penalty by the IRS but it is not fair to the people who are supposed to be receiving these forms by January 31st. If we do not receive your information in time to prepare these forms in a timely manner we will put a notice in the recipient's forms to let them know that it is not H & R Pye's Tax Service's fault that they have received them late. And we will charge a higher preparation fee for any given to us after January 26th.

Regular prices if receive information from you after January 21st:

1099-1st one	28.00	1099-each additional	22.00
W-2-1st one	30.00	W-2-each additional	22.00

Discounted price if receive information from you by January 21st:

1099-1st one	14.00	1099-each additional	11.00
W-2-1st one	15.00	W-2-each additional	11.00

As you can see, you will save a significant amount of money by getting us your 1099 and W-2 information by January 26th. We are offering this substantial discount because our workload substantially increases after January 26th and we need time to have these forms prepared by our staff for you.



Checkoff Lists Enclosed

We have enclosed a personal checkoff list for everyone.

If you have a business then we have also enclosed a business checkoff list. We have developed specialized business checkoffs for Real Estate Agents, Day Care Providers, Truckers, Fishermen and people with Rental Property. If you have received a regular Business Checkoff list and you would like to have one of the specialized Business Checkoff lists please call us and we will send it to you or go to our website www.pyestax.com (hkda)

Remember if you own a business don't forget you should have all your information totaled by categories in order to minimize any accounting fees.

Help us save a tree by bringing your Checkoff Lists with you - even if you haven't written anything down. **Remember** if you plan to mail in or drop off your information you must answer all the questions, if you do not it could delay doing your tax return because we can not take anything for granted. You also need to sign the Engagement Letter we sent you with your Mail In Drop Off Checklist.



2009 Contest Prizes



Client Code Contest—January 2009 Newsletter: The first caller will receive a \$50 credit off their 2008 tax return preparation fee. The 2nd caller will receive a \$40 credit, the 3rd caller will receive a \$30 credit and the 4th thru 6th caller will receive a \$20 credit off their 2008 tax return preparation fee. You have a good chance to be a winner so don't give up because you could also get some good ideas - just by reading our newsletters.

The deadline for claiming your Client Code prize is Monday **February 10, 2009**. Good luck and we hope you enjoy our newsletter.

Prescheduled Appointment Contest: 1st prize: \$25 credit memo, 2nd thru 6th prize winners each get \$15 credit memo towards our services. Deadline is **Tuesday January 21st, 2009**.

Client Referral Rebates Contest: \$6 credit memo for each referral; Special drawing: 1 to 2 Referrals \$50 Credit Memo; 3 or more Referrals \$75 Credit Memo.

Confirm Your Appointment Contest: Call and confirm your tax appointment by **January 21st, 2009** and be entered into a drawing for 3 separate \$100 cash prizes.



Are You Planning On Mailing Your Tax Information To Us?

Are you going south for the Winter or have you moved out of the area? We can still do your tax return. With mail service, e-mail service, fax machines and phone service State Boundaries no longer have to determine who you trust with your tax information.

We are requesting that all clients who mail us their tax information make sure that they use one of the following methods: Certified Mail, Return Receipt Requested; Express Mail; Federal Express; UPS. By using one of the above methods, you will have the security of knowing that your paperwork will arrive safely and you will also have verification that it has arrived. These methods could also save a lot of mailing time and help us to be able to complete your return in a timely manner.

Directions To Our Office

The directions are the same whether you're coming from Bath or Brunswick.

Get off the 4 lane Highway at the West Bath Exit. At the stop sign at the end of the ramp you're 3.2 miles from our office. You will turn right at this stop sign.

You are now on New Meadows Road, go to the end of this road. At the stop sign you will see our 1st black & white direction signs. At the stop sign you will take a right turn and then a very quick left turn.

You are now on the Ridge Road. You will go straight the length of the Ridge Road 2.1 miles. About halfway down the Ridge Road the road looks to be a natural right turn, *don't take this turn*. Keep to

the left. You will come to a stretch of woods, don't be alarmed you're not lost. At the end of the Ridge Road there is a stop sign. You will turn right and go up a small hill.

After you go up the hill about 100 yards you will take your first left turn. You will see signs 'Children Playing', 'Dead End Street', '25 Miles Per Hour', and there is a street sign but it can be hard to see (it's on the left).

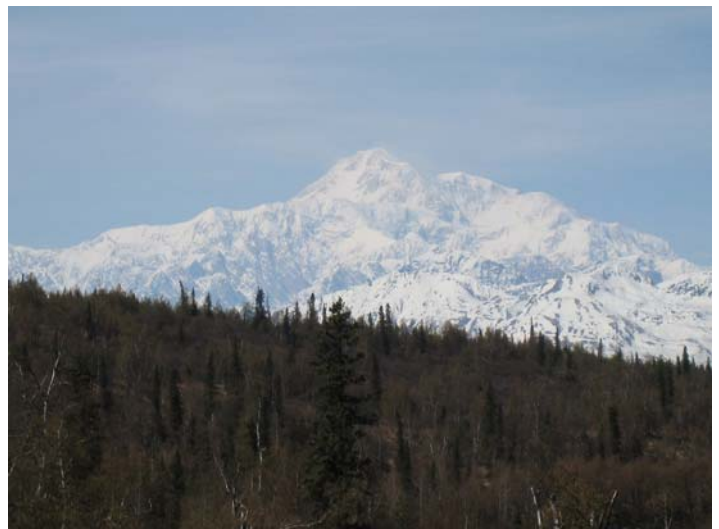
Our office will be the fourth home on the left, it's a blue mobile home with a large deck and garage with our office overhead. We are at 46 Varney Mill, there are numbers on our mailbox as well as our sign post. There is a H & R Pye's sign on some lattice work.

H & R PYE'S TAX
& ACCOUNTING SERVICE
46 VARNEY MILL ROAD
BATH, ME 04530

Your Tax Appointment and Checkoff List Is Enclosed

In This Newsletter

Retirement Plan Contribution Limits
New Property Tax Deduction
Required Minimum Distributions Suspended
Tax Credit For 1st Time Homebuyers
Capital Gains—0% Bracket
Stimulus Rebate
New Kiddie Tax Limits
Contest Winners and Contest Deadlines and Prizes
How to Reach Us
H & R Pye's Year 2008
Maine Property Tax and Rent Rebate
Save Money On Your Property Taxes
Mileage Rates
And much more



Mt McKinney (also known as Denali)