



Tax Pro News

By Practitioners, For Practitioners

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Bonus Depreciation

- The [Economic Stimulus Act of 2008](#) increased to 50% the amount of bonus depreciation that may be claimed for assets bought and placed in service after 12/31/2007 and before January 1, 2009. (*Note the different dates for Sec. 179 vs. bonus depreciation*). The rules are identical to the old bonus depreciation rules. In IR-2008-58 the IRS said to use the 2003 Temporary Regulations regarding bonus depreciation.
- Note that as a result of the above changes, the IRS has developed a new [Form 4562-FY](#) for fiscal year filers.

• [SECTION 168k](#) BONUS DEPRECIATION

A. New property placed in service after 09/10/01 and before 1/1/2005 as well as after 12/31/07 and before 1/1/09 qualified for an additional bonus depreciation amount of 30% or 50% of the cost of the asset (2008 rate is 50%). **Bonus depreciation may be claimed for both regular and AMT purposes.**

1. Bonus depreciation expired on December 31, 2004 and was not extended by The American Jobs Creation Act of 2004. ***However it was extended thru 12/31/10 for property placed in service in the GO zone of Hurricanes Katrina, Rita and Wilma. The 2008 Economic Stimulus Act also re-instated bonus depreciation for the year 2008 only.***
 2. For non-commercial aircraft placed in service before January 1, 2006 ***The American Jobs Creation Act of 2004*** extended bonus depreciation for this one type of asset for one year.
 3. The planes cannot be used in the trade or business of transporting persons or property (except for agricultural and firefighting purposes).
- B.** Related party purchases do not qualify, nor property located outside of the United States
- C.** What qualifies for bonus depreciation?
1. New (original use) property in the 3,5,7,10,15 and 20 year

In This Issue

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3. State Societies-Indiana and Virginia
4. Save \$5 per gallon on [LIVE STREAMING VIDEO COURSES!](#)



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2008 Summer Live Schedule:

- 6/2-3 [Compilations, Reviews & Disclosures In-Depth](#) **Little Rock, Arkansas**
- 6/5 [Compilations](#) **Portland, OR**
- 6/6 [Technology](#) **Portland, OR**
- 6/9 [Compilations](#) **Ft. Wayne**

class lives, but not intangibles (except software)

a. Commonly overlooked items that qualify for bonus depreciation but not for [Section 179](#) include:

1. Personal property used in rental homes,
 2. Parking lots (15 year life),
 3. Landscaping (15 year life), and
 4. Farm buildings (20 year life).
 5. **GO Zone qualified property also includes nonresidential real property and residential rental property.**
2. Some leasehold improvements qualify, as discussed below,
 3. Additional expenses to recondition or rebuild qualifying property,
 4. Property converted from personal use to business use,
 5. When trading one asset for another brand new like-kind asset, the entire basis of the new asset qualifies for bonus depreciation,
 6. Bonus depreciation is mandatory, unless the taxpayer physically elects out of the deduction.
 7. Both Section 179 and bonus depreciation may be taken on qualifying property as long as the total write-off does not exceed the cost.
 8. There are no maximum deduction, maximum purchase or income tests.
 - b. Bonus depreciation can therefore be claimed, without limit, on any return, and can even be used to create a net operating loss.
 - c. Most tax software programs have an election form built in to the software to elect out of bonus depreciation.
- D. Special rules for leasehold improvements
1. Leasehold improvements normally fall in the 39 year life category.
 2. Leasehold improvements that meet the rules below also qualify, however, for bonus depreciation.

Bonus Depreciation and Leasehold Improvements-What Are the Rules?

6/10 [Compilations](#)
Grand Rapids, Michigan

6/11 [Pensions & IRAs](#)
Clarksville, IN

6/27 [Estates & Trusts](#)
Anchorage

6/28 [Technology](#) **Anchorage**

7/8 [Compilations](#) **Fargo**

7/12 [Technology](#) **Clarksville, IN**

7/14 [Compilations](#) **Chicago**

7/15 [Compilations](#) **Cleveland**

7/15 [Estates](#) **Chicago**

7/16 [Estates](#) **Cleveland**

7/17 [Estates](#) **Louisville**

7/18 [Business Tax Update](#)
Quebec City, Quebec

7/21 [Technology](#)
Oklahoma City, Oklahoma

July 22-23 we will be in **Ft. Collins, Colorado (Rocky Mountain National Park)** for [Estate](#) and [Compilation](#) courses. We will follow up on July 28 in **Ft. Collins, CO** with a [Tax Strategies for Small Business](#) class.

7/24 [Estates](#) **Albuquerque**

7/25 [Technology](#) **Albuquerque**

8/4 [Tax Strategies for Small Business](#) **Cleveland**

8/8 [Tax Strategies for Small Business](#) **Oklahoma City**

August 11-15 will see us in Florida for several courses. Aug. 11-12 we will be in **Sarasota** for [Compilations](#) and [Estates](#) , followed by **Orlando** on Aug. 13-

- There must be a written lease on the applicable part of the building,
- The leased part of the building must be occupied by the lessee,
- The building must have been placed in service more than 3 years prior to the date of the improvement,
- The improvement must not enlarge the building or add an elevator or escalator,
- The lease cannot be between related parties.
- For more information on these rules See [IRS Publication 946](#), Part 3.



Vacation & Rental Home Exchanges

[Rev. Proc. 2008-16](#) creates a new safe harbor for like-kind exchanges of vacation homes and other rental property if the following conditions are met:

For the relinquished property

- You have owned it at least 24 months before the exchange
- In each of the two 12-month periods prior to the exchange the property has been rented at fair value for 14 days or more
- The taxpayer's personal use of the property during the prior two 12-month periods doesn't exceed the greater of 14 days, or-10% of the number of days during the periods that the property is rented at a fair rental rate.

As with any 1031 exchange the replacement property must also qualify for business or investment property test. The new Revenue Procedure will allow the property to qualify for 1031 exchange if the property it is held for at least 24 months after the exchange. Also the personal use and rental for the two 12 subsequent 12 month periods meet same 14 day/10% test that hold for the property given up.



14 for [Compilations and Estates](#) , and **Port St. Lucie** on August 15 for [Estates](#) .

8/15 [Technology](#) **Fargo**

8/19 [Business Tax Update](#) **Des Moines**

8/21 [Technology](#) **Scranton**

8/27 [SE Acctng Show](#) **Atlanta**

8/28-29 [NSA Convention](#) **Kansas City**

9/2 [Federal Tax Update](#) **New Albany, IN**

9/3 [Tech/Reducing Health Care Costs-Evansville, IN](#)

9/4 [Tech/Reducing Health Care Costs-South Bend, IN](#)

9/5 [Business Tax Update-](#) **Ft. Wayne, IN**

9/16-17 [Business Tax In Depth-Indianapolis, IN](#)

9/18-19 [Business Tax In Depth](#) **Portland, OR**

9/22-23 [Business Tax In Depth](#) **Oklahoma City**

9/24 [Business Tax Update-](#) **Garden City, KS**

9/25-26 [Business Tax In Depth](#) **Ft. Collins, CO**

9/29-30 [Compilations, Reviews & Disclosures-Bloomington, IL](#)

Go to www.Taxspeaker.com for more information on these and our other seminars.

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State Society Special

Your state societies need your help and support. Often a state society changes vendors because of a desire for more cutting-edge material, speakers who actually practice full-time, and energetic and entertaining speakers who keep things interesting all day! Last month we focused on 2 states, Oregon and Oklahoma, that have made the decision to change to **Jennings Seminars** for those very reasons. This month let's look at a couple of other states who have also made the switch:

VIRGINIA

The [Accountants Society of Virginia](#) was established in 1948 to do the following:

- Satisfy the educational and professional needs of its members
- Elevate and maintain a high standard of proficiency and integrity among its members
- Promote and protect the interests of accountants in Virginia
- Cultivate a spirit of professional cooperation among its members
- Establish goodwill and understanding between the general public and members of ASV

Throughout the course of a year, the Accountants Society of Virginia, Inc. offers many excellent continuing professional education seminars, including seminars in taxation, accounting, estate planning, practice management and others. All ASV members are approved for CPE by the Virginia Board of Accountancy and the National Association of State Boards of Accountancy.

In its 60 years of existence, the Society has grown steadily. Today its members represent a broad cross section of leading accountants throughout the Commonwealth.

ASV has assisted the accounting professional by providing the necessary tools to meet the increasing needs of the small business community and the general public.

2008/2009 CPE Classes set!

[Download the 2008/2009 Educational Seminar Brochure...](#)

<p>June 12-14, 2008 60th Annual Conference</p>	<p>4 CPE Ethics 2 CPE Virginia Tax Updates 2 CPE Building Your Small 4 CPE Practice IRS Audits</p>	<p>Charlottesville</p>

LIVE STREAMING VIDEO COURSE COMING THIS MONTH-SAVE GAS & TIME & GIVE IT A TRY!

This June we plan to lead the Internet to you. On June 11 we will present our 1st live, streaming video 4-hour CPE class on [Pension Plans and IRAs](#) directly to your computer. Yes this will be a real-live class streamed over the Internet. All you need is a computer with speakers, high-speed internet connection and a comfortable chair. Click here for more information and to sign up:

We will also be live-streaming our 8 hour [The "Real" Technology Seminar](#) on Saturday July 12.

This fall we will also be offering our 2 most popular classes via live streaming video to those folks unable to attend a live seminar in person. Yes, our

Sept. 30 - Oct 1, 2008	16 CPE	Jennings 1120 In-Depth	Fairfax
Oct. 2-3, 2008	16 CPE	Jennings 1120 In-Depth	Williamsburg
Oct. 27-28, 2008	16 CPE	Jennings 1040 In-Depth	Fairfax
Dec. 8-9, 2008	16 CPE	Jennings 1040 In-Depth	Williamsburg
Jan. 8-9, 2009	16 CPE	Jennings 1040 In-Depth	VA Beach



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INDIANA

The [Indiana Society of Accountants \(ISA\)](#) is a state chapter of the [National Society of Accountants](#) (NSA), which is the preeminent organization for professionals who provide accounting, tax and related financial services to individuals and small businesses. Formed in 1946, the Society continues today as a vibrant source of professional support for Main Street Accountants in Indiana.

ISA currently has the following ***Jennings Seminars*** cpe events scheduled:

- June 9-Compilations-Annual Convention in FT Wayne
- Sept. 3-Technology & Reducing Health Care Costs-Evansville
- Sept. 4-Technology & Reducing Health Care Costs-South Bend
- Sept. 5-Business Tax Update-Ft. Wayne
- Oct. 6-Tax Strategies for Small Business-South Bend
- Oct. 30/31-1040 In Depth-Evansville
- Nov. 5/6-1040 In Depth South Bend
- Nov. 18/19-1040 In Depth Ft. Wayne
- Nov. 20/21-1040 In Depth Calumet

1040 In-Depth and 1120/1120S/1065/LLC In-Depth courses will both be live streamed this fall from an actual seminar site.

We will post the dates by mid-summer.

Finally, our entire 2008 course selection will also be available as after-the-fact streaming video slowly as we tape over the year. We currently have only the Clergy tax course online, but several more will follow in the next few weeks. Again, before you sign up check with your state society to see if they have entered into an agreement with us to give you a discount code.

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OTHER UPCOMING EVENTS

We will be back in Garden City, Kansas this year (driving!) for our 1 day [Business Tax Update](#) on September 24 at the AmericInn.

Our Farm Manual is back and in writing as you are reading this. It should be available for purchase as self study by July 1, and as DVD or streaming video by

September 1. Sorry, we have no plans for a live presentation anywhere this year except in Clarksville, Indiana in late August. With corn prices where they are, we are considering raising corn full time instead of doing tax returns!

NEW SPECIALTY MANUALS

We now have 2 new specialty manuals available, written by our speakers with substantial expertise in those areas:

[The Oil & Gas Taxes](#) for 1040's manual

AND

[The 1040 NR Manual](#)

We have also just finished our 2008 [Reducing Health Care Costs](#) manual and our [Pension Plans & IRAs](#) Manual which has been substantially expanded far beyond our other manuals.

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