

## TAKE ADVANTAGE OF BENEFITS FOR FIRST HOME BUYERS

For qualified taxpayers, now is the best opportunity in years to become a homeowner. Regional home prices are much lower than 2-3 years ago, while the high number of homes for sale still heavily favors buyers, offering plenty of choices and sellers anxious to make a deal. Most home mortgage rates have also dropped lower than they have been for several years.

If you have not owned a home in the past 3 years, the 2009 Stimulus Act can make buying a home even easier with the First Time Homebuyer Credit. You may qualify for this credit if you buy a house after December 31, 2008, and your Adjusted Gross Income is under \$75,000 (\$150,000 married filing jointly; the credit is phased out over the next \$20,000 of additional income) The credit is worth 10% of the purchase price, up to \$8,000. It is refundable, so if your total tax liability is less than your credit, you'll receive a refund check. Best of all, even if you buy your first home in 2009, you can apply the credit immediately by filing an Amended 2008 return after your closing, and get a refund this year.

Some complex exceptions do exist for this tax credit, especially in regard to married couples and changes in life circumstances, or purchase from certain relatives.

If you think you may be eligible for the credit, from a recent home purchase or a planned one, make an appointment with us to discuss your situation. ☎ ☎

## TALK TO US ABOUT YOUR BUSINESS PAYROLL NEEDS

Streamline your payroll with our web-based, hassle-free payroll system. Direct deposit and electronic filing included. Call Neil or Cynthia for more information.

## MASSACHUSETTS ADDS NEW SALES TAXES, INCREASES EXISTING SALES TAXES

Massachusetts shoppers can expect to pay more in sales taxes and more kinds of sales taxes, starting this month. As of August 1 the Massachusetts sales tax increased from 5% to 6.25%. In addition, sales tax is now imposed on the retail sale of alcoholic beverages, which were previously exempt. Food and clothing remain sales tax free, with certain exceptions such as luxury garments and specialty sports gear.

For the first time in several years, the state has declined to declare a sales tax holiday this summer, citing the state's budget deficit and the loss of revenue from a tax holiday.

The Massachusetts legislature is also allowing cities and towns to increase their revenue by imposing local sales tax on restaurant meals. The tax, limited to 0.75% ( $\frac{3}{4}$  of 1%), is added to the existing state sales tax of 6.25% on meals, in any municipality which votes to impose the tax. A local meals tax would apply to the same types of meals already taxed by the state, i.e. restaurants, delivery and caterers, and "transient vendors" such as fair and event concessions, canteen trucks and cart vendors.

The existing local hotel tax option has also been increased from a maximum of 4% to 6% (from 4.5% to 6.5% in Boston). Like the meals tax, each municipality must vote to accept the increase in order to impose the higher tax.



INSIDE THIS ISSUE

**FIRST TIME HOMEBUYER BENEFITS UNDER 2009 STIMULUS ACT  
MASSACHUSETTS SALES TAX GOES HIGHER AND WIDER**

**Plus: TEMPORARY FDIC COVERAGE LIMIT EXTENDED**

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## TEMPORARY FDIC COVERAGE LIMIT EXTENDED

Congress has extended its temporary increase of the FDIC insurance coverage limit. The temporary increase from \$100,000 to \$250,000 per depositor was originally set to last only until the end of this year. In May, Congress extended the increase another 4 years, until December 31, 2013.

This means that your total deposits of up to \$250,000 in any one insured bank, are fully covered. In addition, accounts with different ownership categories at the same bank (eg single or joint) are covered separately, so you and a spouse or child with both separate and joint accounts may be able to leave more than \$250,000 in one institution. IRAs and some other retirement accounts are also insured under a separate law.

**If you have deposits that approach the limit in one or more institutions, be sure to consult us to make sure your funds are fully insured.**



This publication is not intended to be financial or tax advice, but is intended only to inform the reader of recent developments. If you require financial or tax advice on a particular matter, please contact us directly at (401) 738-2900, or email [info@fradincpa.com](mailto:info@fradincpa.com)

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