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TAX FREE RENT - DEMOCRATIC NATIONAL CONVENTION

Years ago an attempt to close one tax loop-hole created another loop-hole. Close a loop-hole: If you rent residential property out for less than 15 days, you don't get rental deductions. Create a loop-hole: If you rent a residence out for less than 15 days, the rent you receive is TAX - FREE.

What does this have to do with the Democratic National Convention? If there is a shortage of hotel rooms, some organizations may offer large short term rental payments to stay in homes. This happened in the Atlanta Olympics. I heard of one homeowner that was paid a generous fee to rent out their home to a Japanese camera crew. Even though the Denver Democratic National Convention may not draw as many visitors as the Olympics, this could present opportunities.

Trap - If the renters trash your house, you won't get to write off the repairs! This is a double edged sword.

Don't do this without discussing this with me first!

TAX NOTICES

If I have prepared your taxes, I don't charge for looking at tax notices that relate to those returns. If you receive a tax notice, let me know about it ASAP.

WILLS

This year I have had numerous clients ask me about their will. After talking to them, they often are interested in living trusts instead. I do not prepare wills or trusts, but I can recommend attorneys that do.

GIFTS

Individuals can give tax - free gifts in 2008 up to \$12,000 per recipient. A married couple can gift up to \$24,000 per person. There are several traps:

- 1) If you have a living trust, it cannot give a tax - free gift. The solution is to have the living trust deposit the funds in an account of yours that is personal (outside of the trust), and donate from that account.
- 2) Payments for higher education tuition or medical needs for the benefit of an adult can easily exceed gift tax limits. If the payments are made by you directly to the school for tuition or medical provider, those payments do not count against your gift tax limit. If the same payments were made to a person who used those funds to pay tuition or medical costs, those funds would count against you gift tax limit.

If you have questions about any of these ideas, do not hesitate to contact me.

Dave

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Referrals are appreciated!

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