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# The NOHRE REPORT

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## ***FAMILY AND MEDICAL LEAVE ACT CHANGES EFFECTIVE JANUARY 16, 2009***

As stated by *The Department of Labor*, the Family and Medical Leave Act (*FMLA*) provides eligible employees who work for covered employers the right to take job protected, unpaid leave for absences due to the birth of the employee's son or daughter and to care for the newborn child; because of the placement of a son or daughter with the employee for adoption or foster care; in order to care for a son, daughter, spouse, or parent with a serious health condition; or because of the employee's own serious health condition that makes the employee unable to perform the functions of his or her job. The final regulations also address new military family leave entitlements included in amendments to the FMLA enacted as part of the National Defense Authorization Act for FY 2008, which provide additional job-protected leave rights to eligible employees of covered employers who provide care for covered service members with a serious injury or illness and because of qualifying exigencies arising out of the fact that a covered military member is on active duty or has been notified of an impending call or order to active duty in support of a contingency operation.



For more information on this visit [www.dol.gov](http://www.dol.gov) or, contact your *Nohre & Co., S.C. Account Manager*.

## ***2009 MILEAGE RATE CHANGES***

The Internal Revenue Service has issued the 2009 standard mileage rates for calculating the deductible costs of operating an automobile for various purposes. Beginning January 1, 2009, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) for 2008 and 2009 are as follows:

### Business Miles

50.5 cents (1/1 to 6/30/08)

58.5 cents (7/1 to 12/31/08)

55 cents effective 1/1/09

### Medical & moving miles

19 cents (1/1 to 6/30/08)

27 cents (7/1 to 12/31/08)

24 cents effective 1/1/09

### Charitable miles

14 cents in 2008 and 2009



***From All of Us at  
Nohre & Co. S.C.***

***Wishing You Joy,  
Peace & All  
Good Things***



## ***COST OF HIGHER EDUCATION AT UPPER MIDWEST COLLEGES AND TECHNICAL SCHOOLS***

College tuition and room and board costs are constantly on the rise. Do you have a good idea of what it will cost to send your child to an institution of higher learning located in the Upper Midwest? The table below lists the approximate cost of tuition and room and board for an incoming freshman for the 2008-2009 school year. Books, entertainment, transportation, and personal spending need to be added into the yearly totals. If these costs are a reason to cause you concern, contact your Nohre & Co. S.C. Account Manager for ideas on how to prepare for your child's future education costs.

<b>School Name</b>			<b>2008-09</b>	<b>2007</b>	
	<b>Tuition</b>	<b>Rm &amp; Bd</b>	<b>Total</b>	<b>Total</b>	<b>Change</b>
<b>Anoka-Hennepin Tech.</b> (Anoka)	4,669	-	4,669	4,586	+83
<b>Augsburg College</b> (Mpls)	26,253	7,026	33,279	32,927	+352
<b>Bethel College</b> (St. Paul)	25,860	7,620	33,480	31,890	+1590
<b>Carleton College</b> (Northfield)	38,046	9,993	48,039	45,645	+2394
<b>College St. Catherine</b> (St. Paul)	27,414	7,680	35,094	32,736	+2358
<b>Concordia College</b> (Moorhead)	24,470	5,810	30,280	28,050	+2230
<b>Gustavus Adolphus</b> (St. Peter)	30,400	7,460	37,860	35,310	+2550
<b>Hamline University</b> (St. Paul)	28,280	7,784	36,064	34,006	+2058
<b>Iowa State University</b> (Ames)	(resident) 6,360	7,000	13,360	12,877	+483
	(non-resident) 17,350	7,000	24,350	23,635	+715
<b>Mpls College Art &amp; Design</b> (Mpls)	30,280	5,000 <sup>(rm only)</sup>	35,280	31,360	+3920
<b>Minnesota State Universities*</b>	6,146	5,770	11,916	11,470	+446
<b>Normandale Community</b> (Bloomington)	4,607	-	4,607	4,512	+95
<b>North Dakota State Univ.</b> (Fargo)	(resident) 6,226	6,486	12,712	11,840	+872
	(non-resident) 6,466	6,486	12,952	12,170	+782
<b>St. John's University</b> (Collegeville)	28,668	7,248	35,916	33,220	+2696
<b>St. Mary's University</b> (Winona)	24,150	6,380	30,530	28,528	+2002
<b>St. Olaf College</b> (Northfield)	34,300	7,900	42,200	38,500	+3700
<b>University Minnesota</b> (Duluth)	10,260	6,078	16,338	15,504	+834
<b>University Minnesota</b> (Twin Cities)	(resident) 10,806	7,280	18,086	16,947	+1139
	(non-resident) 14,806	7,280	22,086	20,947	+1139
<b>University St. Thomas</b> (St. Paul)	27,822	7,612	35,434	33,120	+2314
<b>University South Dakota</b> (Vermillion)	6,216	5,112	11,328	10,411	+917
<b>University of Wisconsin</b> (Eau Claire)	6,208	4,960	11,268		
<b>University Wisconsin</b> (Madison)	(resident) 7,570	7,700	15,270	14,574	+696
	(MN-resident) 9,390	7,700	17,090	16,174	+916
<b>University Wisconsin</b> (River Falls)	(resident) 6,467	5,106	11,573	10,962	+611
	(MN-resident) 6,937	5,106	12,043	11,584	+459
<b>University of Wisconsin</b> (Stout)	7,484	5,170	12,654	-	-

\*includes Bemidji, Mankato, Moorhead, St. Cloud, Southwest and Winona. Costs vary slightly between schools.

**Thinking about starting to save for college?** By 2020, you'll need an estimated \$225,000 to put Junior through a private college or \$105,000 for a public university. Conventional wisdom says the sooner you start saving, the more funds you'll accumulate.

No one savings method is perfect for every family. Consider your tax bracket, your child's age, how much control you want over your investments and how much financial aid you expect to get. Other ways of saving for college include state-sponsored 529 plans, Coverdell Education Savings Accounts and Prepaid Tuition Plans. Contact your Nohre & Co. S.C. Account Manager for more information.



## **SALES TAX CHANGES FOR 2009**

### **Wisconsin**

The state's general sales tax is 5%. However, transactions can also be subject to 4 different sales taxes. They include: the ½% county tax (60 WI counties have adopted this tax), the ¼% Milwaukee Exposition District food and beverage tax and the 1/10% stadium tax. For all inclusive tax information go to: <http://www.dor.state.wi.us/html/sales.html>

### **Minnesota**

During the recent election, a Minnesota constitutional amendment was passed to increase state sales tax by 3/8 a percentage point beginning July 1, 2009 and running through June 30, 2034. The funds generated by the increase will be dedicated to natural resources and cultural heritage purposes, and will create an outdoor heritage fund, a park and trails fund, a clean water fund, and an arts and cultural heritage fund. This will bring the state sales tax up to 6.875%. Certain cities and counties have additional sales tax on top of the state's general sales tax.

### **North Dakota**

The state's general sales tax is 5%. Cities, municipalities and counties may assess additional sales tax on top of the general sales tax. Beginning January 1, 2009 the following cities will impose a 1 percent city sales, use, and gross receipts tax increase: Anamoose, Fargo<sup>(1)</sup>, Forman, Harwood, Neche, Streeter, Walhalla, Washburn and Woodworth. The City of Lisbon is increasing their local sales tax one half percent on January 1, 2009.

<sup>(1)</sup>Along with the 1 percent local rate increase in Fargo, one half percent of the current local tax rate is sunsetting on December 31, 2008 making the total local rate 1.5 percent beginning on January 1.

### **South Dakota**

The state's general sales tax is 4%. Cities, municipalities and special jurisdictions may assess additional sales tax on top of the general sales tax. Beginning January 1, 2009 the following municipalities are increasing their general sales and use tax rate to 2%; Doland, Grenville, Herried, Hudson and Sioux Falls. Orient is implementing a 1% general sales and use tax rate.



## **AMERICANS WITH DISABILITIES ACT (ADA) AMENDMENTS**

The ADA Amendments Act (ADAA) of 2008 signed by President Bush takes effect January 1, 2009. The stated intention of Congress and the law was to increase the number of people covered by the ADA. Employers with 15 or more employees are covered by the ADA.

The bottom line is that more individuals with less severe disabilities or impairments will be considered to have a disability and entitled to protection under the ADA. Courts until now have interpreted the ADA very narrowly and the amendments are intended to make the ADA less restrictive in its definition of disability. The Supreme Court had eliminated ADA protection from those individuals whose limitations could be corrected by medication, treatment or assistive devices. Stated another way, the ADAA expands the definition of disability to cover more health conditions.

The original ADA defined disability as: 1) a physical or mental impairment that substantially limits one or more of the major life activities; 2) a record of such an impairment; or 3) being regarded as having such an impairment. The Amendment specifically asks the EEOC to revise its definition of "substantially limits" in the original Act and also expands the definition of "major life activity". The ADAA defines major life activities to include caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentration, thinking, et. al. Also, whether or not the individual is disabled must be made without considering such mitigating factors like medication, hearing aids, prosthetic limbs, mobility devices. Even episodic or impairments in remission are now disabilities if they would limit a major life activity when active.

The Equal Employment Opportunity Commission (EEOC) will issue new regulations and lawyers, HR personnel and employers will need to sort it all out, but the result is likely to increase the number of disability claims. Employers will have to consider the expanded definition of disability under the ADAA when presented with reasonable accommodation requests or prior to taking any adverse action against an employee who may have a disability under the revised ADA.

## TRANSPARENCY: IRS EXPANDS REPORTING FOR 2008 BUSINESS RETURNS

From Wall Street to Main Street, transparency in business activity is becoming more important. The Internal Revenue Service is responding to the call for more transparency with changes to its 2008 business tax forms. The IRS's purpose in the changes is to "increase transparency about ownership and relationships between entities that make up complex business structures" and to "enable the IRS to better assess compliance risk."

Form 1120, the return filed by C corporations, has been revised for 2008 to increase transparency about a corporation's ownership and relationships with other business entities. Disclosure of a corporation's owners and a corporation's ownership of other entities must be made when direct ownership exceeds 20 percent or direct or indirect voting ownership exceeds 50 percent. Additional disclosure of allocations, transfers of interest, cost sharing arrangements and changes in accounting methods are required for large corporations whose total assets are \$10 million or more.

For partnerships and LLCs, the 2008 Form 1065 has similar ownership disclosures. In addition, new disclosures for partnerships include information about like-kind exchanges during the year and cancelled debts. Large partnerships will also be required to disclose information about related party transactions, allocations, transfers of interest, cost sharing arrangements and changes of accounting methods.

Tax-exempt organizations will be filing a totally redesigned IRS Form 990 for 2008. For this form also, the IRS goals included improved transparency and tax compliance by organizations. Major aspects of the redesign include new disclosures regarding organization governance and relationships with other businesses, and changes in officer and employee compensation disclosures. In preparing to file the new 990, organizations should review their governance policies, and consider adoption of conflict of interest, whistleblower and document retention policies as well as other best-practice policies. There are transition provisions for filing the new 990 which will allow some smaller organizations to file the shorter Form 990EZ for 2008 and 2009.

If you have any questions about the new disclosures required for businesses for 2008, contact your Nohre & Co S.C. Account Manager.

## YEAR END TAX PLANNING TIPS FOR INDIVIDUALS

Postpone income until 2009 and accelerate deductions into 2008 to lower your 2008 tax bill. Considering the economy, your income may be less in 2009, so deferring income may put the income in a lower tax bracket in 2009.

Reducing your income may also allow you to claim larger deductions, credits and other tax breaks that are phased out at varying levels of income for 2008. These include the personal exemptions, IRA contributions, child credits, higher education tax credits and tuition deductions and itemized deduction phase-outs, to name a few.

Realize capital losses in your portfolio to offset any capital gains that may have been realized during the year. Up to \$3,000 of capital losses can be deducted against other income in any year, with the excess carried to future years.

Consider paying your state estimated tax payment in December to be able to deduct the payment on your federal return in 2008. If you will be in the alternative minimum tax, the state income taxes are not deductible so waiting until January to pay the estimate may be the best strategy.

If you are age 70-1/2 be sure to take the required withdrawals from your IRA and retirement plans by December 31. The penalty for failing to take the distribution is 50% of the required amount.

If you have an estate tax problem consider making gifts to family members. The gift tax exemption for 2008 is \$12,000 per donee and if married, your spouse can join in the gift and the total gift to any one person without being reported to the IRS is \$24,000. The gift tax exemption increases in 2009 to \$13,000 per donee.

With careful planning you can significantly reduce your tax liability. Contact your Nohre & Co. S.C. Account Manager for more information.



## *Meet the Nohre Staff*

### **Gary L. Gochanour, CPA**

#### **Employment**

Gary began his professional career in 1989 with a regional CPA firm focusing in banking and manufacturing. Expanding his specialties; Gary now specializes in manufacturing and distribution.

#### **Education**

Gary received his Bachelor Degree in business with a Comprehensive Accounting Major from the University of Wisconsin - Eau Claire; and is a Certified Public Accountant (CPA).

#### **Areas of Expertise**

- Tax Planning, Preparation and Review
- Small Business Consulting
- Audit Review and Compilation Service
- General Business Consulting

#### **Professional Organizations**

- Wisconsin Institute of Certified Public Accountants (WICPA)
- Hope United Methodist Church
- Eau Claire Chamber of Commerce

#### **Hobbies**

- Hiking
- Fitness
- Golf
- Kid's activities



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## *The* **NOHRE** **REPORT**

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#### NEWSLETTER POLICY

**This newsletter is designed to present information on business and tax matters in general terms and is not intended to be used as a basis for specific action without obtaining further advice.**

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*Please forward comments to [newsletter@nohre.com](mailto:newsletter@nohre.com)*

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