

PRESS INFORMATION
For Immediate Release

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LIBERTY TAX ADVISES THAT THERE’S STILL TIME TO CUT YOUR 2008 TAX BILL IF YOU ACT NOW

(Virginia Beach, VA) The tax savings you reap in 2009 will depend on any additional tax cutting measures that you can take before the end of 2008, advises Liberty Tax Service. Take the time to review and organize your tax records. Identify more deductions that you can take on your 2008 return, and plan ahead for changes that will take effect in 2009.

“A generally favorable strategy is to defer bonuses and income so it is paid and taxed in 2009, and make tax deductible purchases and charitable donations before the end of the year,” said John Hewitt, CEO and Founder of Liberty Tax Service.

Purchases and Expenses to Consider Now

- **Make an extra mortgage payment or two:** Extra payments in 2008 mean more deductible mortgage interest.
- **If you’re self-employed, buy supplies now:** Self-employed taxpayers who use the cash method of accounting can pay bills on or before December 31, 2008 and claim the expense on a 2008 return. Stock up on necessary supplies and equipment. Remember to take advantage of the section 179 deduction of up to \$250,000 for computers and other big ticket items put into service before the end of this year.
- **Pay state and local income taxes now:** That way you can deduct them for 2008.

Check Your Medical and Health Expenses

If you have a health flexible spending account (FSA) through your employer, increase the amount you set aside for next year. You can even be reimbursed for non-prescription drugs like aspirin. If you have a health savings account (HSA), you can make 2008 contributions up until April 15th, 2009.

Figure out your medical expenses to date for 2008 to see if you have enough medical deductions to itemize (over 7.5% of AGI) this year. It’s not too late to schedule additional dentist or eye doctor appointments before the end of the year. It may, instead, make sense to “bunch” medical deductions into one year, and plan ahead for 2009. There are numerous medical costs that are deductible including lasik eye surgery, doctor-prescribed weight loss programs, and capital expenses for ramps, railings, etc. installed in a home to accommodate disabilities. IRS allows the cost of smoking cessation programs as a

medical expense, but not the costs of patches and gums. Don't overlook medical mileage to and from the doctors, hospitals, and the pharmacy at 19 cents a mile for miles driven January 1 through June 30, 2008 and at 27 cents a mile for miles driven July 1 through December 31, 2008

Retirement Planning for 2008 Taxes

Add to your retirement accounts anytime before April 15th, 2009: Consider maximizing 401(K) contributions before year's end. The deductible amount for a contribution to a traditional IRA is up to \$5,000 per person, and up to \$6,000 per person if age 50 or older. Workers over 50 can make additional contributions to their SIMPLE IRAs up to \$2,500. If you're self-employed, you can set up an Employee Pension plan and contribute the lesser amount of up to 20% of your income or \$46,000 before April 15th, 2009.

Stock Sale Planning: Sell "loser" stocks. Perhaps you have experienced a stock market slide that has affected your portfolio during Wall Street's rocky ride this year. There's still time to sell stocks or mutual funds and take the losses to offset your income, and even buy the same stocks and securities again after 31 days.

Charitable and Gift Giving

Make Charitable Contributions and Donations Before the End of the Year:

Generally, for individuals, contributions to tax-exempt charitable organizations are limited to 50 percent of the taxpayer's adjusted gross income for the tax year. Those unused items cluttering closets can be donated to a qualified charity or non-profit organization and deducted as charitable contributions. However, these items must be in good, used condition or better. Document your donations by saving receipts, cancelled checks and any letters or correspondence from the charity.

In the spirit of the holiday season, remember that you can give gifts of up to \$12,000 to individuals before the end of the year. This measure will save gift and estate taxes by sheltering them from by the annual gift tax exclusion.

About Liberty Tax Service:

Liberty Tax Service is the fastest growing retail tax preparation company in the industry's history. Founded in 1997 by CEO John T. Hewitt, a pioneer in the tax industry, Liberty Tax Service (www.libertytax.com) has prepared over 5,000,000 individual income tax returns and currently operates over 2,700 offices throughout the United States and Canada.

Liberty Tax Service provides computerized income tax preparation, electronic filing, and refund loans. With an emphasis on customer service including audit assistance, a money back guarantee, and free tax return checking, Liberty Tax Service is well known for its strong commitment to its client base.

With 39 years of tax industry experience, Hewitt stands as the most experienced CEO in the tax preparation business, having also founded Jackson Hewitt Tax Service (**NYSE: JTX**).