

## H&R Block Offers Tips to Lower 2008 Tax Bill

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### Charitable Contributions, College Tuition Fees Can Reduce 2008 Tax Liability

KANSAS CITY, MO, Dec 16, 2008 (MARKET WIRE via COMTEX News Network) -- With the year-end just two weeks away, many people are scrambling to find ways to lower their 2008 tax bills. Amy McAnarney, executive director of the Tax Institute at H&R Block (NYSE: HRB), offers six steps taxpayers can still take to reduce their 2008 tax burden.

1. Make charitable contributions. Taxpayers have until Dec. 31 to make donations to their favorite charitable organizations. But, in order to claim the deduction on their 2008 returns, the donation must be substantiated. For monetary gifts less than \$250, a bank record or written acknowledgment from the charity is acceptable. For financial gifts of more than \$250, written acknowledgement from the organization is required. Clothing, household goods or other donated items must be in good used condition in order to qualify for the deduction.
2. Pay 2009 spring tuition bills. The Hope and Lifetime Learning Credits provide education incentives and can lower tax bills. The Hope Credit is worth up to \$1,800 per student for college freshmen and sophomores. The Lifetime Learning Credit is worth up to \$2,000 per taxpayer for qualified higher education expenses. Taxpayers who pay spring 2009 tuition bills now for themselves, spouses or other dependents may be eligible to claim these education benefits on their 2008 tax returns.
3. Beef up retirement accounts. Taxpayers can contribute \$4,000 to IRAs until April 15, 2009, and still affect their 2008 returns. Deductible IRA contributions reduce adjusted gross income and an individual's overall tax bill. Taxpayers who are at least age 50 may contribute an additional \$1,000 as a catch-up contribution.
4. Take required minimum distributions. Any taxpayer who turned 70 1/2 in 2008 must take a RMD from their traditional IRA no later than April 1, 2009, even if they're not yet retired. Failure to take the required amount could result in a costly tax penalty of 50 percent of the amount that should have been withdrawn.
5. Sell stocks. Taxpayers who have a large net capital gain this year may want to sell some stock to generate a loss before year's end. Doing so could reduce the amount of tax paid. However, if stock is sold to generate a loss, taxpayers are prohibited from purchasing identical stock within 30 days of the sale that generated the loss. Taxpayers should contact their tax professional or financial advisor to determine if this strategy would benefit their financial situation.
6. Pay deductions early. Taxpayers should consider paying December mortgage and real property tax bills in 2008 even if they're not due until January. Before doing so, though, taxpayers should estimate their 2009 taxes to ensure early payment won't increase next year's tax burden.

For more information about year-end tax planning, including free checklists and financial calculators, visit [www.hrblock.com](http://www.hrblock.com).

#### About H&R Block

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