



Your Taxes and Financial Matters

By: **Richard P. Król**

1 800 cpa-krol richard@cpakrol.com

New law provides home tax breaks

The *Housing Assistance Tax Act of 2008*, part of the housing bill signed into law on July 28, includes two homeowner-targeted provisions that may benefit you, and one that could hurt.

First-time homebuyer credit.

Purchase your first home on or after April 9, 2008, and before July 1, 2009, and you may be able to take advantage of a federal income tax credit of up to \$7,500.

You are considered a "first-time homebuyer" if you had no ownership interest in a principal residence in the U.S. during the three years before the purchase.

The credit is refundable, so you could get money back if the amount you are eligible to claim is more than the tax you owe.

The credit is reduced when modified adjusted gross income exceeds \$75,000 if you are single and \$150,000 if you are married filing jointly.

A house you construct qualifies, but one you purchase from relatives generally does not.

There is a recapture provision, meaning you will have to pay the credit back in most cases. The payback period is spread over 15 years, beginning two years after you buy your home.

Additional standard deduction.

For 2008 you can deduct real property taxes even if you don't itemize deductions on Schedule A.

The break takes the form of an increased standard deduction.

The amount of this one-time benefit is the lesser of property taxes you actually pay during the year or \$500 (\$1,000 for married filing jointly).

Reduced home sale exclusion.

Generally, up to \$500,000 (\$250,000 for singles) of gain on the sale of your principal residence is tax-free, as long as you meet time and use requirements.

The new rules, effective for sales after December 31, 2008, reduce the gain exclusion for "nonqualified use," such as use as a rental or as a vacation home.

The amount of the reduction is based on periods of time after January 1, 2009, when the home is not the principal residence of you, your spouse, or former spouse. Some exceptions apply.

Other tax provisions include changes to the low income housing credit, expansion and extension of Gulf Opportunity Zone incentives, and an election to accelerate alternative minimum tax credits and research credits in place of bonus depreciation.

Are taxes due when you give a gift?

Some gifts are big, others are small, and the Internal Revenue Service expects you to report them all. Gift giving may not be a traditional summertime activity, but tax planning is. This year, a slowing economy might lead you to help family members with upcoming fall college bills or unexpected expenses. Before you write the checks, now is a great opportunity to get a handle on the rules.

Here are two of the more common rules:

Tax returns are not always required. The person receiving your gift does not have to file a return, no matter the amount.

More good news: When you give gifts of \$12,000 or less to any one person within a calendar year, you don't have to file a return either. If you're married, your spouse can also make gifts of \$12,000 to

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Music News

By: **Marek Żebrowski and Krysta Close**

Zdarzyło się w Jeruzalem Review

By: **Bartek Ziegler, Ph.D**

The world premiere of a new ballet, *Zdarzyło się w Jeruzalem* [It happened in Jerusalem], was given by the **Kielce Dance Theatre** in Kielce, Poland, on June 26. The libretto by Henryk Jachimowski is based on the timeless story of Romeo and Juliette's star-crossed love, but set in contemporary Jerusalem rather than in the Renaissance Verona. Music for the ballet was written by one of Poland's most popular contemporary composers, **Krzysztof Debski**, and the choreography was provided by **Elżbieta Szlufik-Pańtak**.

This story of a young Jewish boy who meets a Palestinian girl within the tragic framework of the Middle East conflict begins with thunderous pandemonium, unleashed on stage by a group of black-robed dancers in stark-white masks, expertly choreographed in a massive ensemble number. The heavy pulse of pounding drums and the dramatic voice of the soloist, Jorgos Skolias, lent an additional aura of tension and drama to the memorable opening scene.

When the curtain is lifted to reveal a disco-like stage, we meet the protagonists - the Jewish Romeo, portrayed by Maksim Wojtiul, the powerful lead dancer from the Warsaw Ballet, and his Palestinian Juliette, played by Ewelina Kubot. Strands of ancient folk melodies expertly woven into Debski's exquisite score provided just the right touch of ethnic color to the music, and were beautifully co-choreographed by Grzegorz Pańtak, who also performed as solo dancer.

Love and innocence are interrupted by black leather-clad policemen. Led by a high-heeled dominatrix, they burst on stage in a sequence that, although effective, had some uneven moments. The wall separating the Palestinian and Jewish groups works well as a potent and politically relevant if somewhat overused symbol, pitting ruthless government policies against the natural instincts of human affection. Another stunning and stark moment reveals a nearly naked triptych of dancers bathed in surreal bright light, symbolizing hope and transcendence. The idea of redemption through love is further developed in the final scene, where a fistful of white sand poured onto a playground leaves the viewer with an indelible impression of a conflict for which there are no easy solutions.

Although a few scenes might benefit from tighter pacing and less repetitious use of the wall, which once established remains firmly in the viewer's imagination, the overall impression made by this ballet was quite positive. A large part of the credit goes to Maestro Jacek Rogala and Filharmonia Świętokrzyska, who rose to the occasion by performing Debski's complex and colorful score with authority, zeal and verve. Stage sets, designed by Boris Kudlička and Arkadiusz Chrustowski, as well as costumes by Anna Maria Klikowicz and lighting by Maciej Igielski, effectively contributed to the gritty atmosphere of this contemporary drama. A few minor mechanical glitches with the movable wall seemed quite a propos but, if need be, could be solved with a dab of grease or an occasional orchestral *sforzando*.

The enthusiastic audience at the June 26 performance included Poland's First Lady, Maria Kaczyńska, and many foreign guests. The gala performance combined the celebrations of the Polish Year in Israel and Israeli Year in Poland as well as the anniversary festivities of the City of Kielce. It was a fascinating

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Investments

By: **Joanna Moran**

Financial Advisor
(800) 473-1331 X 259
joanna.brost@morganstanley.com

Why Contribute to a 401(k) Plan?

More and more employers are offering defined contribution 401(k) retirement plans to their employees. This popularity may be attributed to the fact that 401(k) plans are generally less costly for employers to maintain than traditional defined benefit pension plans.

A 401(k) allows participating employees to elect to defer a percentage of their pay each month into the plan, up to a 2008 maximum of \$15,500 on a pre-tax basis. Participants age 50 and older may make "catch up" contributions of up to \$5,000 in 2008. The amount will then increase by \$500 periodically based on the cost of living increases.

In addition, many employers match employee salary deferrals in some way. Employer contributions, along with those of the employee, are placed in a special retirement account for the employee where they have the potential to grow on a tax-deferred basis until retirement. Plan participants choose how they want to allocate their assets among the investment choices offered by their plans. Employees' contributions are always their own, and employer matching funds become vested (owned by the employee) after remaining in the plan for a specific number of years.

Some of the advantages of contributing to your company's 401(k) plan include:

Easy and convenient payroll deductions. Contributing to any savings plan before you actually receive the money is one of the most painless ways to invest. When you join a 401(k), you decide (up to a specified maximum) how much will be withheld from your paycheck and contributed to your plan account each pay period.

Pre-tax savings. Your 401(k) contributions are made on a before-tax basis. By contributing to the plan, you are reducing your federal taxable income.

Tax-deferred savings. Your pre-tax contributions, any employer contributions and any earnings on these contributions can grow on a tax-deferred basis. This means you don't pay taxes on the money in your account until it is withdrawn, usually beginning at retirement, and then at ordinary income tax rates. The compounding effect of tax-deferred growth can be a powerful way to build a retirement fund for your future. Note, however, withdrawals before age 59 1/2 may incur a 10% federal penalty.

A choice of investment strategies. Most 401(k) plans offer at least three types of investment choices—conservative, moderate and aggressive. Many professional financial advisors believe that a conservative approach to retirement planning may not provide sufficient funds over the long term. That's why many financial advisors recommend a moderate or more aggressive investment strategy when you are young, with a gradual shift to a more conservative strategy as you move closer to retirement. Of course, any investment strategy depends not only on the number of years to retirement, but also on your individual goals and risk tolerance. One solution may be to diversify among a number of investments in a variety of risk categories in order to create a portfolio that best suits your individual circumstances.

For More Information

If you would like to learn more, please contact Joanna Moran or you can write to: News of Polonia Investments
2245 E. Colorado Blvd. 104/177
Pasadena, CA 91107 ☐



Legal

By: **Christopher**

Kerosky, Esq.
CKerosky
@youradwokat.com

Fiancée Visas: How to bring your loved ones to the United States

Question:

I have a girlfriend in Poland and we are very much in love. Can I sponsor her for a fiancée visa? If so, how do I do it?

ANSWER:

Yes, if you are a US citizen, you can sponsor your girlfriend for a fiancée visa, but you will need to marry her within 90 days after she comes to this country.

A U.S. citizen can sponsor their fiancée to come to this country on a fiancée visa known as a K-1 visa. If the visa is approved, they must marry within 90 days to the person who sponsored their visa in order to qualify for adjustment of status to permanent residence in this country.

An application for a fiancée visa is made by the submission of BCIS Form I-129F to the Bureau of Citizenship and Immigration Services of the Department of Homeland Security. There are many necessary forms and documents necessary to submit with the I-129, including photos, birth records and other immigration forms. It generally takes approximately six months to one year to finish the fiancée visa process.

Upon submission of the application, the Immigration Service attempts to determine if the relationship is bona fide. In order to prove that the relationship is valid, it is necessary to provide certain documentation. This includes evidence of the past relationship, correspondence, travel records, other evidence of their time spent together and their courtship. It is helpful to submit photographs of the couple together, including photos with family members if possible. We recommend that clients also submit statements from family members confirming that the relationship exists.

It is also necessary to submit financial documents proving that the petitioner US citizen can support the fiancée in the United States financially. This usually includes tax returns, W2s from an employer and a letter confirming present employment.

Once approval in the U.S. occurs, there is a consular interview at the Consulate overseas at which the applicant may be asked questions about the relationship.

If the officer is satisfied the relationship is bona fide, and all other requirements for the visa are met, the visa is approved. Once the person comes to the United States, they must marry the petitioner within 90 days. U.S. law does not allow the individual to switch to a different U.S. visa under any circumstances. If the marriage does not occur, the person must return to their home country. ☐

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