

INSIDE THIS ISSUE:**GET A LARGER TAX REFUND WITH OUR PER DIEM REPORTS****2007 TAX CHANGES AND UPDATES****COMMUTING COSTS ARE SOMETIMES DEDUCTIBLE****2007 TAX ORGANIZER**

TAX CREW CREW LOG

Claiming the Standard Meal Allowance for your layover cities is an easy way to save hundreds of dollars on your income tax return. Our Per Diem Report is all you need for 100% IRS approval of your meal expenses.

Tax Crew Announces New Lower Cost Option for Per Diem Reports

Tax savings from your Per Diem Report this year should be even greater than before due to your increased time away from home and higher city rates.

SAVE MONEY ON YOUR TAXES

No matter where you landed last year, we know the maximum rate you can claim as a tax deduction without keeping receipts. For everything from soup to nuts and what they cost in any city from Amsterdam to Zephyr Cove, Tax Crew is your Per Diem resource.

If you've used our service before, you already know the benefits of claiming the standard meal allowance for your layover cities. Depending on your other deductions, amount of flying you do and your layover cities, your net tax savings (vs. not claiming your meal expenses) could range from \$200 to over \$1,000.

Now you have two options to get your Per Diem Report and save hundreds of dollars on your tax return:

INSTANT PER DIEM REPORTS IN 4 EASY STEPS

Online Per Diem Reports are just \$25.00 and include all the documentation you need for 100% IRS approval of your meal expenses. To get your report and save money on your tax return, simply:

- 1) Visit www.mytaxcrew.com and click on the Per Diem Calculation Button to create a user account.
- 2) Enter your flight information from your Crew Activity Statements or logbook.

- 3) Review your data.
- 4) Enter your credit card information and receive your report.

WE'LL PREPARE YOUR REPORT FOR YOU

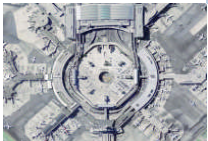
Don't have time to enter your flight information online? We'll do it for you.

Simply mail, fax or email us copies of your Crew Activity Statements (January through December) showing layover information along with a check for \$40.00 or credit card information. We'll have your completed report on it's way back to you within 24-48 hours.

Whichever method you choose, no one beats our price, quality or speed.

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Q. I live in Phoenix and fly out of New York. Can I deduct my commuting expenses?

A. Unfortunately, the IRS does not allow a deduction for the cost of commuting to and from work, regardless of the distance of your commute. There are however some instances where you may deduct commuting costs. To understand the reasoning behind the regulation, a definition of your 'tax home' is necessary. The IRS maintains that your tax home is "...

... (generally) your regular place of business or post of duty, regardless of where you maintain your family home, including the **entire city or area** where your business or work is located." If you have more than one place of business, your tax home is your main place of business. Factors used to determine your main place of business include: 1)The total time you ordinarily spend in each place; 2)The level of your business in each place; 3)Whether your income in each place is significant.

The IRS does not allow a deduction for traveling between your tax home and family home. However, you may be able to deduct costs of staying at your family home if your family home is not the same as your tax home.

Example 1. You are a truck driver and you and your family live in Tucson. You are employed by a trucking firm that has its terminal in Phoenix. At the end of your long runs, you return to your home terminal in Phoenix and spend one night there before returning home. You cannot deduct any expenses you have for meals and lodging in Phoenix or the cost of traveling from Phoenix to Tucson. This is because Phoenix is your tax home.

Example 2. Your family home is in Pittsburgh, where you work 12 weeks a year. The rest of the year you work for the same employer in Baltimore. In Baltimore, you eat in restaurants and sleep in a rooming house. Your salary is the same whether you are in Pittsburgh or Baltimore.

Because you spend most of your working time and earn most of your salary in Baltimore, that city is your tax home. You cannot deduct any expenses you have for meals and lodging there. However, when you return to work in Pittsburgh, you are away from your tax home even though you stay at your family home. You can deduct the cost of your round trip between Baltimore and Pittsburgh. You can also deduct your part of your family's living expenses for meals and lodging while you are living and working in Pittsburgh."

There are a few instances in which the IRS allows a deduction for commuting expenses:

Two places of work. If you work at two places in one day, whether or not for the same employer, you can deduct the cost of getting from one workplace to the other. However, if for some personal reason, you do not go directly from one location to the other, you cannot deduct more than the amount it would have cost you to go directly from the first location to the second. Transportation costs you have in going between home and a part-time job on a day off are not deductible.

Temporary Work Assignment. If you have a regular place of business and you commute to a temporary work location in the same trade or business, you can deduct the expenses of round-trip transportation between your home and the temporary location. Monthly base trades with another employee would qualify as a temporary assignment.

If your employment at a work location is realistically expected to last (and does in fact last) for 1 year or less, the employment usually is temporary. In addition, if the temporary work location is beyond the general area of your regular work place and you stay overnight, you are traveling away from home and may deduct travel expenses. For example, if you trade bases, or accept a temporary assignment in a city other than where you are based, you would be able to deduct travel expenses, including transportation, lodging, meals, etc. while you were on temporary assignment or flying out of the temporary base.

Top Tax Changes

TAX BRACKETS BROADENED

In 2008, the 10% income tax bracket will cover the first \$16,050 of taxable income for joint filers and the first \$8,025 of income for single filers. That's \$400 and \$200, respectively, more in income taxed at the lower rates than in 2007, for a net tax savings of \$20, or \$10 for single filers. While that alone is not significant, the tops of the other tax brackets will also rise, causing more income to be taxed at lower rates.

STANDARD DEDUCTION INCREASED

Nearly two thirds of taxpayers claim the standard deduction, rather than itemizing on their tax returns. Single filers will see their standard deduction increase \$100 to \$5,450 and married couples filing jointly will get a \$250 boost to \$10,950.

The net effect for a married couple earning \$100,000 with two children is a \$310 tax savings in 2008 over 2007. A single filer earning \$50,000 and claiming the standard deduction will pay \$130 less tax in 2008 than in 2007.

TOUGHER KIDDIE TAX RULES

Under the old rules, unearned income over \$1,600 was taxed at the parents' higher tax rate until a child turned 14. For 2007, the income threshold is \$1,700, but the age threshold is now 18 years, making custodial accounts, such as UGMAs and UTMAs less attractive in some cases. 529 Plans, especially for younger children may be a better alternative, since the money grows free from federal taxes and many states offer a state income tax deduction.

STRICTER CHARITABLE DONATION RULES

Beginning in 2007, the IRS will no longer allow a deduction for charitable contributions unless "you keep as a record of the contribution a bank record (such as a cancelled check, a bank copy of a cancelled check or a bank statement containing the name of the charity, the date and the amount) or a written communication from the charity. The written communication must include the name of the charity, date of contribution and the amount of the contribution."

INCOME LIMITS ON EDUCATION CREDITS

For 2007, the Hope and Lifetime Learning Credits are phased out if your modified adjusted gross income is between \$47,000 and \$57,000 (\$94,000 and \$114,000 if you file a joint married return). The income level for the phase-out was raised from \$45,000-\$55,000 (\$90,000 and \$110,000 for joint filers) in 2008.

STANDARD MILEAGE RATES

Business Mileage

For 2007, the standard mileage rate for the cost of operating your car for business use is 48.5 cents per mile.

Medical and Move Related Mileage

The standard mileage rate for the cost of operating your car for medical reasons or as part of a deductible move is 20 cents per mile.

Charitable Related Mileage

The standard mileage rate for charitable purposes (including trips to donation centers) remains at 14 cents per mile.



Easier Recordkeeping

In an effort to help simplify record keeping requirements for expenses incurred while traveling away from home on business, the IRS allows substantiation of certain expenses without receipts.

For individual expenses of \$75.00 or less, you will satisfy the substantiation rules by keeping a record of : 1) The amount of the expense, 2) The date when and location where the expense was incurred, and 3) The business purpose of travel.

Any individual expenses over \$75.00 and all hotel costs, regardless of the amount, should be supported with a receipt. You may substantiate expenses greater than \$75.00 for a particular category for the year without keeping receipts.

For example, if you hire a cab on 10 different layovers during the year and your cost is \$20.00 each time, you may claim the \$200.00 deduction for the year without receipts, provided you can substantiate the expenses with a log of the date, location, amount of the expense and your

business purpose for traveling away from home. If your cab ride on one layover was \$90.00, then you should also have a receipt to support that deduction.

Clients often ask us what an 'average' deduction for an item is, or the amount they can claim without a receipt.

While the IRS does not allow a 'standard' business expense deduction, other than the Standard Meal Allowance for travel away from home, the table below lists deduction ranges that crewmembers have claimed for various items.

The amounts listed are ranges for crewmembers who claim a deduction in a particular category. Not all crewmembers claim deductions in all categories. The figures are not reflective of a true average whereby zero amounts in are included in the ranges. The IRS rules of substantiation apply to these deductions.

Savings Tip:

According to the IRS, in 2006, about 1 in 3 taxpayers received a refund, averaging \$2,379. While some taxpayers look forward to a large refund, you are essentially giving the government an interest free loan for the year.

Changing your withholding allowances and depositing the extra \$200 per month into an average money market account would earn you about \$50 after that year.

The savings add up over longer periods. Setting up an automatic investment plan with a mutual fund, and paying in \$100 per month would net you almost \$20,000 after 10 years, based on average returns.



Average Crew Expense Deductions



Deduction	Amount	Deduction	Amount	Deduction	Amount
Accessories for layovers	\$240-480	Flashlight	\$5-28	Special Assignment	\$250-4550
Alarm Clock	8-55	Galley supplies	5-50	Sunglasses (pilots)	25-325
ATM fees on layovers	10-174	Hair dryer	12-35	Temp base trade	300-2505
Batteries	5-25	ID replacement	25-100	Telephone (2nd line)	40-240
Bid Service fees	130-485	Iron	12-35	Training costs	50-158
Cab/parking for short calls	180-1060	Internet Service Provider	120-488	Transportation on layovers	180-1110
Cell phone	120-720	Logbook	\$5-25	Trip trading service	95-1065
Cockpit keys	5-28	Luggage/flight bags	18-355	Uniform cleaning, repair	260-830
Cockpit supplies	25-200	Manuals	15-150	Uniform purchase	25-960
Currency converter	20-65	Name tags/Wings	5-55	Van driver tips	72-425
Currency exchange	125-480	Professional orgs	50-225	Voltage converter	28-55
Earpiece (pilots)	45-175	Shipping/mail costs	5-140	Work related education	50-510
FAA Medical certificate	60-320	Shoe shine/repair	72-195	Work related publications	20-155

Tax Organizer

Thank you for choosing Tax Crew

This organizer takes account of the information needed to complete Form 1040, Schedules A (Itemized Deductions) & B (Interest/Dividend Income) and Form 2106 (Employee Business Expenses). For a comprehensive organizer that includes information for Rental Property, Self-Employed Income, Stock and Bond Sales, Child and Dependent Care, etc., please download a copy at www.mytaxcrew.com or call us at 888.829.2739.

Please complete the sections of the organizer that apply to you. Please mail or fax the organizer and copies of applicable forms. We recommend you keep original copies in your possession. Please include the following forms:

Forms W-2 Copy of last year's tax return (new clients) Monthly Crew Activity Statements	Forms 1099, 1099R, 1099-MISC, Forms 1098, 1098G Schedules K-1 Any other information notices you have received
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Referred by

Would you like to receive tax news by email?

Free Electronic Filing - check here to e-file your return

A. Personal Information

Name (as it appears on your Social Security Card)	Social Security Number	Occupation	Birth date	Pres election fund
Taxpayer				Yes No
Spouse				Yes No
Tax Address				
Mailing Address (if different)				
Telephone	Second Phone	Email	Fax	Best method/time to contact you.
Direct Deposit	For direct deposit of your refund, please include a voided check.			

Filing Status (circle one) Single Married Filing Jointly Married Filing Separately Head of Household Qualifying Widow(er)

B. Dependent Information

Name (as on Social Security card)	SSN	Birth Date	Relationship	Months at Home	Income	Code+

+Codes L=Dependent who lived with you; CN=Child who did not live with you due to divorce or separation (include copy of Form 8332 or divorce decree; Y=Child was a full time student for at least 5 months and age 19-24; O=Other dependent (other than child) who did not live with you.

Authority to discuss your return with the IRS Tax preparers may discuss return preparation, refund and payment issues on your behalf. If you authorize Tax Crew to discuss these matters for you, please initial here

C. Questions for new clients

Please circle the Federal form you filed last year 1040 1040A 1040EZ

Amount of last year's Federal refund or additional tax due Amount of last year's State refund or additional tax due

D. Miscellaneous Income

Unemployment compensation		Alimony received	
Social Security income		Other	

E. Adjustments to Income

Contributions to Traditional IRA made between last January and this April		If you previously filed Form 8606 (non-deductible IRA contributions) enter amount on Line 12 of last 8606 of filed	
Amount converted from Traditional to Roth IRA		Balance in traditional IRA on December 31	
Amount recharacterized from Roth to Traditional IRA		Early IRA distribution related to first home purchase	
Contribution to self-employed retirement plan		IRA distribution related to higher education expenses	
Alimony	Name and Social Security Number of		

F. Interest Income (please enclose copies of interest statements)

Institution	Amount	Institution	Amount

G. Dividend Income (please enclose copies of dividend statements)

Institution	Box 1 Dividends	Box 2A Capital Gains	Box 2B 28%	Box 2C Qual. 5yr gain	Box 6A Foreign tax

H. Medical Expenses (excluding insurance reimbursements) (must be over 7.5 percent of income before they are deductible)						
Prescriptions				Physician, Dentist, Chiropractor fees		
Contacts/Glasses				Lab/Hospital Fees		
Insurance Premiums - Do not include pretax				Counseling/Psychotherapy		
Medical Travel—Miles driven				Other transportation/lodging costs		
I. Tax and Interest Expenses						
Additional taxes paid with last year's state return				Real Estate taxes on principal residence		
Auto License (portion based on value of the car)				Real Estate taxes paid on additional homes/land		
Other personal property taxes				Mortgage interest on principal residence		
Investment interest (e.g. margin interest)				2nd Mortgage/home equity loan		
Points paid on home purchase				Mortgage on 2nd or vacation home		
Points paid on refinance		Date of refinance		Life of Loan (in years)		
J. Charitable Contributions (If non-cash contributions for the year are over \$500 please complete shaded area and attach sheets as necessary)						
Cash Donations:		Non-cash:		Parking, fees, tolls, etc:		
				Miles driven for charity:		
Complete following section if your non-cash contributions are over \$500 for the year (attach additional sheets as necessary)						
Name and address of Organization	Items donated	Date donated	Date acquired	Purchase price	Resale value	
K. Miscellaneous Deductions						
Tax preparation fees paid last year		Safe deposit box		IRA Custodial fees		
Tax mailing/FedEx fees		Investment publications		Other investment expense		
Investment counsel		Other expenses		Gambling losses (to extent of winnings)		
L. Employee Business Expenses Please enter category totals in shaded areas that apply. Additional itemization is provided for your convenience. The IRS requires receipts for individual expenses over \$75.00. If the expense is under \$75.00, the IRS accepts a record in a logbook or journal that lists the expense, date and cost.						
Non-taxable per diem (listed on your W-2 in box 12 with code 'L')	\$	Uniform Luggage		Voltage converter		
		Flight Bag		Total work equipment, supplies		
Transportation		Garment Bag		Business phone		
Tips for van divers		Luggage Repair		Business related calls are those that include a substantial bona fide business discussion. Calls to Scheduling, code-a-phone and voice response are business calls. For cell phone usage, enter your monthly service charge for all months on reserve, and prorate business use of cell phone in months you hold a schedule.		
Rental cars/taxi fares/parking		Luggage Tags				
Co-terminal transportation		Miscellaneous Luggage Items				
Cab/parking fares for short calls		Suitcase				
Transportation to training/meetings		Tote bag/Purse				
Total Transportation expenses	\$	Wheels for luggage				
Union and professional dues		Total luggage purchase/repair				\$
Union Initiation fees/Union dues		Bid Service, computer fees				
Professional organizations		Bid service fees				
Total Union & professional dues	\$	CompuServe/ISP fees				
Work related publications	\$	Trip trading service fees				
Uniform purchase, cleaning, repair		Total Bid service, computer fees		\$		
Belt		Work equipment, supplies				
Coat		Accessories used on layovers				
Dress		Alarm clock				
Dry cleaning		ATM/check cashing fees on layovers				
Epaulets		Batteries				
Jacket		Business cards				
Hair clips		Cockpit keys/corkscrew/flashlight				
Hat		Cockpit supplies (maps etc)				
Laundry		Copying/fax/mailing costs				
Maternity dress		Currency converter/exchange				
Nametags/Wings		Earpiece (pilots)				
Pants		FAA medical certificate				
Scarf/ Tie		Galley supplies				
Serving garments		Hair dryer/ Curling iron/Clothes				
Shirt		ID replacement				
Shoes/ shoe shines		Loss of license insurance				
Support hose		Manuals /Organizer				
Sweater		Passport/Visa fees and photos				
Uniform alterations/repair		Portable security device/smoke				
Vest		Sunglasses (pilots only)				
Total uniform expense	\$	Upgrade training expenses				

Q. My classmate and I flew the same types of trips last year, and made about the same amount of money, yet her tax refund was over \$600.00 larger than mine. Am I paying too much in tax?

A. Many times, clients measure the amount of income tax they pay solely by the amount of their refund or tax bill. However many factors are considered in determining the amount of tax you pay and, further, the amount of your refund when you file your return.

Even two crewmembers in the same apparent circumstance may find. For example, two flight attendants may have graduated from the same class, fly the same trips, use the same filing status, spend the same amount on work related

expenses and claim similar deductions for mortgage, property tax, etc.

It seems on the surface that both flight attendants have about the same tax bill and should get a similar refund, but there may be circumstances that aren't readily apparent which could cause a significant difference in their tax bills. One item that is often overlooked is state income tax. State income taxes paid and withheld from your paycheck are deductible on the federal return. If one flight attendant is a resident of Minnesota and pays a relatively high amount of state income tax and the other is a resident of Washington, or one of the other six states that has no personal income tax, the resident of Minnesota will get a larger refund on her federal return, because she was able to claim the deduction for state income tax.

Taxes withheld from your paychecks also impact the amount of your refund. Taxpayers who claim zero exemptions have more tax withheld from their paychecks and get a larger refund than a client with a similar tax profile who claims one exemption.

The best way to compare your true tax bill is not by the amount of your refund, but by the line on your return that shows your **total tax** (line 63 on 2007 Form 1040).



Correcting 1969 Law May Affect 2007 Filers

AMT Fix Could Delay Refunds

The Alternative Minimum Tax (AMT) was enacted as part of the Tax Reform Act of 1969 in a Congressional attempt to close revenue 'leaks' and essentially to target the rich. Since the AMT rates were not linked to inflation, almost 40 years later the AMT affects not only the rich, but a large percentage of middle class taxpayers as well.

The *New York Times* reported that "by 2010, nearly 30 million taxpayers will be hit—among them, a staggering 94 percent of married filers who have children and make \$75,000 to \$100,000 per year."

The AMT was designed as a parallel tax system to the federal income tax to prevent people in higher tax brackets from using loopholes to avoid paying taxes. Without an adjustment for 2007, an estimated 23 million taxpayers could be hit with the AMT this year.

While everyone agrees that the AMT is

either broken or no longer makes sense, Congress was gridlocked on the financial ramifications of the fix, which is expected to cost \$50 billion over the next ten years.

While some lawmakers favor paying for it by raising tax revenues elsewhere, others, such as Senate Finance Committee Ranking Member Charles Grassley (R-Iowa), contend that because the AMT was never meant to affect so many taxpayers, correcting it should not mean that taxpayers pay for it in other areas.

Congress has enacted legislation in the past two years to reduce the impact of the AMT; however, the delay this year in passing a resolution is likely to impact the IRS' ability to issue tax refunds early in the season. Typically the IRS requires seven weeks to update its computers and tax forms to reflect changes in the tax laws.

Tax Tips

You have 3 years to change your tax return.

The statute of limitations on your tax return works both ways: just as the IRS has 3 years from the due date (or the date you filed your return, whichever is later) to audit your return, you also may amend your return to report changes to your original return.



While amendments are filed for a number of reasons, the majority of our new clients file amendments to claim the Standard Meal Allowance on their prior year returns. Claiming the Standard Meal Allowance can net you an additional refund of \$200 to over \$1,000 per year, depending on your tax bracket, other deductions, layover cities, etc.

Retirement Plan Contribution Limits Increase

2007 IRA contribution limits are \$4,000 if you are age 49 and below and \$5,000 if you are age 50 and above. The limits rise to \$5,000 and \$6,000, respectively, for 2008.

2007 and 2008 401(k) contribution limits are \$15,500 if your age 49 and below and \$20,500 if you are age 50 and above.

These limits apply to elective, or employee directed contributions. Employer contributions are considered non-elective contributions.

The total of elective and non-elective contributions is \$45,000 in 2007 and \$46,000 in 2008 (including catch-up contributions for those age 50 and above).



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Visit us online at www.mytaxcrew.com

We've specialized in Per Diem Reports and Income tax preparation for flight crewmembers and airline employees for the past 15 years. We are the number one crew resource for Per Diem Reports and income tax preparation.

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