

Tax Update Newsletter

Avoid Tax Surprises

Please contact us if you have questions about:

- Pension or IRA distributions
- Significant change in income or deductions
- Job Change
- Marriage, divorce or separation
- Sale or purchase of residence or other real estate
- Retirement
- Sale or purchase of a business
- Notice from IRS or other revenue department

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American Recovery and Reinvestment Act

Many provisions in the American Recovery and Reinvestment Act (ARRA) could affect your 2009 and 2010 tax returns. Below is a summary of some of the provisions .

Making Work Pay and Government Retiree Credits. The Making Work Pay Credit went into affect April, 2009 and provides a refundable tax credit of up to \$400 for working individuals and \$800 for married couples filing a joint return. For those who receive a paycheck, you may have noticed an increase in your take-home pay. The Government Retiree Credit was a one-time payment of \$250 for people receiving Social Security, Railroad Retirement and Veteran benefits.

Some Unemployment Benefits are Tax Exempt. Up to \$2,400 of unemployment benefits received in 2009 are exempt from Federal

income tax.

Deduction for Taxes Paid on NEW Vehicle(s).

If you purchased a new car, light truck, motorcycle or motor home between Feb. 17 and Dec. 31, 2009, you may be able to deduct the state and local sales and excise taxes you paid on the first \$49,500 of the purchase price. This deduction is available even if you do not itemize. Please provide your bill of sale.

Earned Income Tax Credit and Additional Child Tax Credit. In past years, the Earned Income Tax Credit was limited to two children. The ARRA provides an increase for 2009 and 2010 for taxpayers with three or more qualifying children. The maximum credit for 2009 is \$5,657. The Additional Child Tax Credit was changed to increase eligibility for the refundable por-



Get a tax deduction for buying a new car from Feb 17 to Dec 31, 2009.

tion.

Education Benefits. Funds withdrawn from a 529 college savings plan can be used to pay for a computer bought in 2009 or 2010, if the computer is used for college work. The American Opportunity Credit replaces the Hope Credit for 2009 and 2010 and can be claimed for the first four years of post-secondary education.

IRS Tidbits

Protect yourself from suspicious emails and phishing schemes. The IRS says scam artists are sending e-mails to people indicating they are due a refund or are under investigation. The recipient is then forwarded to a **phony** "IRS"

website and asked for personal information.

Remember, the IRS won't contact you by e-mail. Don't be fooled, don't be a victim of such a scam. Protect your personal information!

The IRS now has videos on

YouTube. They offer tax tips about the Vehicle Tax Deduction, New Homebuyer Credit, How to Track Your Refund, Record Keeping and more. Go to www.youtube.com and search for irsvideos.

New & Improved Home Buyers Credit

Old Credit

The First-Time home buyers credit started in April, 2008 with a maximum credit of \$7,500 similar to a no-interest loan that must be paid back over 15 years beginning in 2010. Then in 2009, the credit increased to a maximum of \$8,000 with no repayment require-



If you purchased a home during 2009, bring your closing papers!

ment (provided you live in the home the first 36 months). This credit was scheduled to expire Nov. 30, 2009.

New & Improved

November 6, 2009, new legislation was signed into law. The Worker, Homeownership and Business Assistance Act of 2009 extends and expands the first-time homebuyer credit.

The new law extends the deadline for purchasing and closing on a home. You must buy or enter into a binding contract by April 30, 2010 and close by June 30, 2010 and not owed a home three years prior to the purchase. The credit is still a

maximum of \$8,000 for first-time home buyers with no repayment requirement (provided you live in the home the first 36 months).

Additionally, long time home owners now can qualify for a home buyer credit. If you purchase a replacement home you could qualify for up to a \$6,500 credit. You must have owned and lived in your home for five consecutive years out of the last eight years.

Individuals who purchase a home during 2010 have the option of waiting to claim the credit on their 2010 return or amend their 2009 return and possibly receive the credit earlier.

Residential Energy Credit

Win, Win, Win!
Reduce your Carbon Footprint. Save Money on your Utility Bill. And get a Tax Credit from Uncle Sam!

During the 2007 tax year, the IRS offered energy credits to home owners making energy efficient improvements to their homes. There were no such credits available for 2008.

For 2009 and 2010 the Residential Energy Credit is back and more generous than before.

The new law increases the credit rate to 30% of the cost of qualifying improvements. The maximum amount of the credit is \$1,500 for 2009 and 2010 combined.

Qualifying improvements include adding insulation, replacing exterior windows and doors and energy efficient heating and air condi-

tioning systems.

Manufacturers of qualifying "energy efficient" products must certify that their products meet the higher standards and must provide a written statement to the purchaser, such as with the packaging of the product or documented on their website.

Other 2009 News

▲ We will begin filing 2009 tax returns on Jan. 15, 2010.

▲ You can now use your Federal refund to buy up to \$5,000 in U.S. Series I savings bonds in multiples of \$50

▲ New IRS form will allow taxpayers to deduct their real estate taxes, sales & excise tax paid on purchase of new vehicle (after 02/16/09) and net disaster

loss (if in a Federally declared disaster area) even if they cannot itemize. These benefits are scheduled to expire and will not be available on 2010 tax returns

▲ Standard mileage rate for business use of your car during 2009 is 55 cents. Medical and moving mileage rate is 24

cents and charity mileage rate is 14 cents

▲ You have until 04/15/2010 to make a deductible traditional IRA contribution. We can prepare your return and figure the difference an IRA contribution would make on your tax



Tax News Today

2009 Document Checklist

Δ Last Years Tax Return

- Δ Social Security Cards
- Δ Income Information Statements....W-2's & 1099's forms, Interest, Dividend, Stock Trades, IRA's, Pensions, Retirement, Social Security, K-1's & Unemployment
- Δ Final Pay Stub for 2009
- Δ IRA Contribution Information
- Δ Student Loan Statements
- Δ College Tuition & Fees Paid (Form 1098T)
- Δ Totals for out of pocket medical expenses:
Including: Doctors, Dentists, Hospital, Lab Fees, Eye-glasses, Contact & Supplies.

Also include totals for prescription medication, out of pocket or after tax insurance premiums and total medical miles driven in 2009

- Δ Personal property taxes paid on vehicles, boats, motorcycles, RV's, etc
- Δ Real estate taxes paid
- Δ Mortgage interest statements. If you re-financed or purchased a home, bring your closing papers.
- Δ Charitable contribution information. Amount of money donated, charitable miles driven & value of items donated
- Δ Document work related expenses
Including: union dues, uni-

forms, tools, licenses, job education, etc. Also include work related mileage logs and any amounts reimbursed by your employer. You can also deduct expenses looking for work; such as resume's, postage, mileage to interviews, employment agency fee, etc.

- Δ Child care information. Including name, address, social security number or EIN and amount paid
- Δ Amounts & dates of estimated tax payments
- Δ If you suffered a loss in a Federally declared disaster area, provide the amount of your loss & any insurance reimbursements

Information for the Self-Employed

If you own a business, have a paper route, received a Form 1099MISC for work you did for someone or have rental property, we need additional information.

- Δ Total gross income for the business and/or your 1099MISC forms
- Δ Your 12/31/09 ending inventory cost if applicable

- Δ Mileage logs for vehicles used for the business
- Δ Total of your expenses by category (office supplies, insurance, postage, etc)
- Δ Description, date purchased and cost of any equipment purchased
- Δ To qualify for an Office in Home deduction, the area must be used regularly and

exclusively for business. If you qualify, we need the square footage of your office and your home. We also need the total spent for utilities, insurance, repairs and maintenance

- Δ If you paid \$600 or more to anyone, you are required to issue them a 1099MISC before 02/01/2010

Office Information

Office / Appointment Hours

Monday–Friday: 9 am–7 pm
Saturday: 9 am–3 pm

If you have more than one return, will require more than 30 minutes or if you need to discuss tax matters; please let us know so we can schedule enough time. We can also prepare your return on a drop off basis.

We are working with a new tax software company we believe will allow us to provide better services to our clients while keeping our fees economical.

If you have family and friends that have prepared their own taxes using a store bought or online program, let them know we now offer online tax filing on our website.

www.TaxLadiesInc.net

Where's My Refund?

Federal: 1-800-829-1040
Or www.irs.gov
Kentucky: (502) 564-1600
Indiana: (317) 233-4018

You must have your tax return available in order to check your refund status.

The deadline to issue forms W-2 & 1099 is 02/01/10.

We can do them for you, but we must have your information by 01/15/10.

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Important Tax Updates



Tax & Accounting Service

The Tax Ladies, Inc. Privacy Policy:

Stated, as required by law:

As your tax preparer, we collect information provided by you when preparing your taxes. This information may come from your tax organizer, worksheets, documents and discussions. We're required to keep this information confidential and not disclose it to third parties unless we have your approval or are required or permitted to disclose it by law. We are committed to the safekeeping of your confidential information and we maintain physical, electronic and procedural safeguards to protect your information.

What does this mean?

We do not release any financial information about your tax return unless we hear from you, or are required to by law. You must contact us in writing or have a signed document with your bank or lender that can be faxed to our office before any information will be released.



We do not share your financial information with anyone without your permission or as required by law.

IRS Regulation 7216:

IRS Regulation 7216 strengthens your ability to control your tax information and to make informed decisions regarding our use of that information. Basically, we must have your signed permission to use your information/document to prepare your return. Additionally, if you are interested in one of bank products, we need your signed permission to disclose your tax return information to the bank.

Both, the [Consent to Use of Tax Return Information](#) and the [Consent to Disclosure of Tax Return Information](#) forms are available on our web-site at www.TaxLadiesInc.net.