

# Quality Tax & Bookkeeping Service

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Dear Clients,

It must be time for the holidays...because you're getting your annual year-end-strategy and make-your-appointment-early letter! This year brings you many ways to save money on your taxes.

**Home Sales** The most talked-about credits are those for first-time homebuyers. Taxpayers buying a first-time home in 2009 may qualify for an \$8000 refundable tax credit, depending on their income level. This credit was extended with November's legislation; as long as the taxpayer has a binding contract in place by April 30, 2010, and closes on the house by June 30, 2010, the credit still applies. As of November 6, 2009, the income caps were raised making more people eligible for this windfall.

The November legislation also opened up a \$6500 refundable credit to "long-time" (you've owned and lived in your current principal residence for five consecutive years of the last eight) homeowners who buy a new principal residence between December 1, 2009 and April 30, 2010. The details can get tricky. Please check our website, [www.qtandb.com](http://www.qtandb.com), under the "*What's New: Home Sales*" section.

**Cars** If you purchase a new car (used cars don't count, you must be the vehicle's first owner) between Feb 17, 2009 and December 31, 2009, you will be able to deduct the taxes and fees you paid on up to \$49,500 of the purchase price. You will be permitted this write-off (providing your income isn't too high) even if you don't itemize deductions.

Hybrid cars still generate an \$850-\$3400 non-refundable credit, depending on the car make and model and your date of purchase. However, plug-in electric vehicles (even some golf carts!) may also qualify for a large credit. Check our website, [www.qtandb.com](http://www.qtandb.com), under the "*What's New: Cars*" section.

**Home Energy Improvements** If you have made energy-efficient improvements to your home (thermal windows, insulation, efficient furnace, water-heaters, biomass stoves) you can take 30% of the cost of these improvements for a maximum non-refundable credit of \$1500.

The Efficient Property Credit (for items such as solar panels, geothermal heat pumps, fuel cells) also offers the taxpayer a 30% non-refundable credit, but there is no cap on the amount of write-off. Our website, [www.qtandb.com](http://www.qtandb.com), explains the particulars under "*What's New: Energy Improvements.*"

Other important changes involve the long-term capital gains rate, new treatment of personal property converted to business use, and new rules for pension contributions, to name a few. Check out the details on our website, [www.qtandb.com](http://www.qtandb.com). You'll find all the changes listed in the "*What's New*" section.

Our appointment slots fill up quickly, so please call early to book yours. Marj can take your calls Monday-Friday, 9:00-3:00, or you can leave a message and she'll call you back the next business day.

**Please come prepared!** In addition to the list on the back regarding specific situations, please remember:

- **W-2s and last pay stubs**
- **Any bank tax forms showing interest earned or interest paid**
- **The social security numbers and birthdates of any dependent children and/or relatives (relatives must have lived with you for the entire year)**
- **Canceled checks of any estimated tax payments (federal or state)**
- **Higher education expenses incurred by you, your spouse, or your college-aged children**
- **Mass Residents: don't forget the form proving your health insurance coverage.**

If you are dropping off your taxes, please bring them in an envelope with your name, correct address, and phone number clearly printed on the outside. **"Drop offs" will not be accepted after April 8<sup>th</sup>!**

Finally, please call us BEFORE making any large financial moves (selling a home, selling off stock, starting a business, retiring, pulling money from a retirement plan). We can help you to plan, and alert you to any tax ramifications you might incur.

At any rate, enjoy the holidays! See you soon! Sue Lastowski