

Quality Tax & Bookkeeping Service

12 Corser Street, Suite 411-414 Holyoke, MA 01040

Phone (413) 535-1773

Fax (413) 535-1056

www.qtandb.com

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Dear Clients,

I delayed writing this, waiting for Congress to decide about the Bush era tax cuts that are due to expire on December 31, 2010. Silly me! I'll post a section on my website, www.qtandb.com, entitled "*What Congress's Decision Means For You*" as soon as our lawmakers reach a consensus.

Home Sales Still a Factor The First-Time Homebuyer's Credit and the Long-Time Homeowner's Credit were extended to June 30, 2010. If you had a signed purchase and sale agreement in place by April 30, 2010, and you settled by June 30, 2010, you might be eligible for either an \$8000 or a \$6500 refundable credit. A chart on my website, www.qtandb.com, under the "*2010 Tax Facts: Home Sales*" section details the timing, the income phase out amounts, and the other stipulations for this credit. If you DID buy a home in 2010 and qualify for the credit, you can either amend your 2009 taxes, or wait till you file your 2010 tax return.

If you sold a home in 2010 that was used for business, even if it was your principal residence and you used only a portion for business (such as an office in your home) you will be liable for capital gains taxes. Our website, www.qtandb.com, explains the more stringent home-business-use rules that went into effect on Jan 1, 2009. Look under "**Sales of Business Real Estate**" in the "*Home Sales*" section.

Education The Hope Credit has been discontinued in 2010, replaced by the more expansive American Opportunity Credit. To qualify for the American Opportunity Credit, the student must be in the first four years of post-secondary education at an eligible institution (for institution listings, go to www.fafsa.ed.gov: "school codes,") be taking at least one half of the normal full-time work load, and be in a program that leads to a degree. Phase out income levels start at \$160,000 MAGI for joint filers. Check our website, www.qtandb.com, under "*2010 Tax Facts: Education Matters*" to read about the American Opportunity Credit, the Lifetime Learning Credit, the Savings Bond Exclusion, the Tuition and Fees Deduction, Qualified Tuition Programs, and Education Savings Accounts.

Energy Savers The energy credits (up to \$1500) are in force through the end of 2010. The same 2009 stipulations apply for 2010. Our website, www.qtandb.com, spells out the specifics in the "*2010 Tax Facts: Energy Improvements*" section. Keep in mind that the credit is cumulative over 2009 and 2010. If you already took credits in 2009, they will be subtracted from your eligible write-offs in 2010.

Capital Gains Tax Through the end of 2010, people in the 15% tax bracket or lower pay ZERO federal capital gains tax on their assets (except for real estate) held for more than a year. Whether or not this favorable tax treatment continues is up to Congress. If you own long-term stocks that will generate a gain upon sale, you might want to sell before year's end to "cash in" on this lower rate. Read more on www.qtandb.com and call us so that we can help you to determine if selling is to your advantage.

In fact, 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.

And of course, we're suggesting that you call SOON to book your appointment. Marj is taking calls Monday-Friday, 9:00-3:00. In addition to our popular tax preparation list on the back, remember to bring:

- **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 8th!**

So, enjoy your holidays! See you in tax season!

Sue Lastowski