

## IMPORTANT REMINDERS FOR 2009

### **Homebuyer Credit**

If you (and spouse if married) bought a home in 2009, please bring the HUD home closing statement with your income tax information. Congress has made a number of changes to these rules in the last few weeks, so please provide the new home information any time you purchased a new home this year, even if it is not your first home.

### **New Cars or Trucks**

Several special new tax deductions and credits are available this year if you bought a brand new car, light truck, motorcycle or RV during the year. If you bought a new vehicle please bring us a copy of the invoice so that you get this special credit or deduction.

### **Mortgage Interest**

Recent IRS scrutiny of home mortgage interest deductions now require us to carefully track re-financings and the use of loan proceeds. Please provide us with any new home loan information, closing statements from any re-financings, and a summary of what any additional loan proceeds were used for.

### **Property Tax**

There is a special property tax deduction available in 2009 for property tax paid on your personal residence. Even though we have not needed this amount in previous years for some people, everyone should provide us with this amount this year, if you paid any property tax in 2009.

### **Education Credits**

A major revision of college credits by President Obama has provided us with the new "American Opportunity Credit," a special credit for undergraduate college students. If you have children in college or near to college, please discuss some options with us to assure that you receive the best benefit for these costs.

### **2009 IRA Contributions**

You have until April 15, 2010 to fund your IRA contribution for tax year 2009. You need to let us know if you have made (or are planning to make) an IRA contribution for 2009. This is true for any and all IRA contributions you make (Traditional or Roth; Deductible or Non-Deductible).

### **Worthless Stocks and Bonds**

If you own stocks or bonds that became worthless this year (such as General Motors), please be sure to provide us with the cost and purchase dates so that we can take any allowable deductions.

### **Energy Credits**

The residential energy credit has been reinstated starting in January of 2009. If you added or are considering adding storm windows, doors, insulation or a furnace, the Federal credit is 30% of the cost of the product, plus installation fees for furnaces, up to a maximum of \$1,500 for your home. Make sure you tell us if you made any such improvements to your home in 2009. There are also tremendous credits available for solar power, geothermal and wind energy that you should discuss with us if you are considering these changes. There is still a special tax credit for some new hybrid cars bought in 2009, so please bring that information to us as well.

### **Charity**

A scary IRS court case in 2008 reminds us of the rules on charitable contributions. ALL deductions of any amount must have a receipt. You DO NOT need to provide us with copies of the receipts. You must, however, retain them for your records. Any individual contribution over \$250 must also have an acknowledgement letter from the charity, and the letter must be dated by the date we file your return. The letter should show the date and amount of any individual contribution over \$250, and should also state that no goods or services were received in return for the contribution.

### **Cancellation of Debt**

The cancellation / forgiveness of debt by a creditor generally create taxable income for the debtor. In 2009 Congress made significant changes and created multiple EXCEPTIONS to this general rule. Please let us know if you had cancellation of credit card debt or your home foreclosed on in 2009.

### **Gift Changes**

Effective 1/1/2009 the amount you may give to one person in one year without any return filing requirements has been increased to \$13,000.

### **Roth IRA Conversions**

You will be hearing from lots of "experts" this year that you need to convert your retirement accounts to Roth IRAs. While there are a number of advantages to conversions, there are an equal number of disadvantages that carry some major tax consequences. **Please do not convert your accounts in 2010 without coming in to see us for an appointment to discuss both the positives and negatives.**