



FISHER CONSULTING SERVICES 2009 Tax Guide

New Tax Law Highlights

Making work pay credit. Individuals with earned income in 2009 may be able to claim a tax credit of up to \$400, \$800 if married filing jointly. The credit is phased out if MAGI exceeds \$75,000, or \$150,000 on a joint return. The credit is also reduced if a \$250 economic recovery payment was received during 2009 or if the \$250 government retiree credit is allowed.

First-time homebuyer credit. For a purchase in 2009 before Dec. 1, 2009, eligible homebuyers may qualify for a tax credit of \$8,000 (\$4,000 if married filing separately) or, if less, 10% of the purchase price. The taxpayer (and his or her spouse if married) must not have owned another principal residence in the prior three years. The credit begins to phase out if MAGI exceeds \$75,000, or \$150,000 on a joint return.

Hope education credit expanded. The Hope credit for 2009 and 2010 has been expanded and renamed the American Opportunity credit. The maximum credit is generally \$2,500 per student and it is allowed for the first four years of post-secondary education. The phaseout of the credit applies if MAGI is between \$80,000 and \$90,000, or between \$160,000 and \$180,000 on a joint return.

Unemployment compensation partially untaxed.

Recipients of unemployment compensation in 2009 may exclude from income the first \$2,400 of benefits received

Deduction for sales and excise taxes on new motor vehicles. A deduction is allowed for sales/excise taxes on a qualifying new motor vehicle or motor home purchased after February 16, 2009 and before January 1, 2010. Used vehicles do not qualify. The deduction applies to the taxes on the first \$49,500 of the purchase price. The deduction is phased out if MAGI exceeds \$125,000, or \$250,000 on a joint return.

Residential energy credits. The credit for home energy improvements (high efficiency property such as insulation, storm windows, heaters), which expired in 2007, has been reinstated and increased. A 30% credit is allowed, with a two-year overall credit limit of \$1,500 for 2009 and 2010. Prior dollar amounts have been removed on the 30% credit for solar panels, solar water heating equipment and other alternative energy improvements.

Expanded standard deduction. Extra standard deduction amounts may be claimed by taxpayers who paid state and local real estate taxes, had a net disaster loss, or paid sales/excise taxes on qualifying new motor vehicles.

Retired minimum distributions waived for 2009.

Individuals age 70 ½ and older did not have to receive a required minimum distribution for 2009 from their traditional IRA or employer's defined contribution retirement plan. The waiver also applied to beneficiaries.

Additional tax changes. To see a complete listing

of recent tax changes, you may go directly to the IRS website at www.irs.gov. From the home page, simply click on the "Individual" button on the left side. In the body of "Tax Information for Individuals" there is a section dedicated to recent tax changes. In this newsletter I have highlighted the most general of topics that affect most taxpayers. If you have any questions in regards to any of the changes, please call me.

Do You Have to File a 2009 Tax Return?

If you are:
 Single under 65 you must file if your gross income is at least \$9,350; Single 65 or over you must file if your gross income is at least \$10,750.
 Married filing a joint return and both spouses are under 65 you must file if your gross income is at least \$18,700. Married filing a joint return and both spouses are age 65 or older you must file if your gross income is at least \$20,900.
 If you are filing a separate return (married) at any age, you must file a return if your income is at least \$3,650.

Exemptions and Dependents

For 2009 you will be able to deduct \$3,650 for each personal or dependency exemption on your return.

Standard Deductions for 2009

<u>Filing Status</u>	<u>Deduction</u>
Single	\$5,700
Head of Household	8,350
Married/Joint	11,400
Married/Separate	5,700

Fees and Referrals

1040EZ.....	\$60.00
1040A.....	\$80.00
1040.....	\$100.00
Schedule C returns.... (includes 1040/AZ140)	\$200.00
E-Filing.....	\$20.00

**** These fees apply to new clients only. All existing clients fees will remain the same for 3 years.**

EARN-A-RETURN is still and will always remain

in effect. Each referral will earn you \$20.00 along with a personal "thanks".

To schedule your in-home appointment at your convenience, call 480-242-8641.

On-line with Fisher Consulting Services

Check us out at www.azfisher.com. E-mail your comments or questions to: cindy85296@yahoo.com.

THIS CHECKLIST MAY BE USED TO SAVE YOU TIME AND REMIND YOU WHICH TAX FORMS YOU'VE RECEIVED DURING THE YEAR AND MAY BE USED DURING YOUR TAX PREPARATION:

PERSONAL DATA:

- _____ Social Security Numbers (including spouse & children if you're a new client)
- _____ Child Care provider: Name, address and tax I.D. or Social Security Number
- _____ Alimony paid: Social Security Number

EMPLOYMENT & INCOME DATA:

- _____ W-2 forms
- _____ Unemployment compensation: Form 1099-G
- _____ Miscellaneous income including rent: Form 1099-MISC
- _____ Partnership, S Corporation, & trust income: Schedule K-1
- _____ Pensions and annuities: Forms 1099-R
- _____ Social Security/RR1 benefits: Form RRB-1099
- _____ Alimony received
- _____ Jury duty pay
- _____ Gambling and lottery winning
- _____ Prizes and awards
- _____ Scholarships and fellowships
- _____ State and local income tax refunds: Form 1099-G (new clients only)

HOMEOWNER/RENTER DATA:

- _____ Residential address(es) for last year
- _____ Mortgage interest: Form 1098
- _____ Sale of your home or other real estate: Form 1099-S
- _____ Second mortgage interest paid
- _____ Real estate taxes paid
- _____ Rent paid during the tax year
- _____ Moving expenses

FINANCIAL ASSETS:

- _____ Interest income statements: Form 1099-INT & 1099-OID
- _____ Dividend income statements: Form 1099-DIV

_____ Proceeds from broker transactions: Form 1099-B

_____ Retirement plan distribution: Form 1099-R

FINANCIAL LIABILITIES:

_____ Auto loans and leases (car value) if vehicle is used for business

_____ Student loan interest paid

_____ Early withdrawal penalties on CDs and other time deposits

AUTOMOBILES:

_____ Personal property tax information

_____ Starting/ending mileage if used in business

_____ Gas, parking, repair, insurance expenses if used in business

EXPENSES:

_____ Gifts to charity

_____ Unreimbursed expenses related to volunteer work

_____ Unreimbursed expenses related to your job (travel, uniforms, union dues, supplies, dry cleaning, subscriptions)

_____ Investment expenses

_____ Job-hunting expenses

_____ Child care expenses

_____ Medical Savings Accounts

_____ Adoption expenses

_____ Alimony paid

_____ Tax return preparation expenses and fees (if new client)

SELF-EMPLOYMENT DATA:

_____ Business income: Form 1099-MISC and/or own records

_____ Partnership SE income: Schedule K-1

_____ Business-related expenses: Receipts, other documents & own records

_____ Employment taxes & other business taxes paid for last year

MISCELLANEOUS TAX DOCUMENTS:

_____ Federal, state, & local estimated income tax paid for last year

_____ IRA, Keough and other retirement plan contributions

_____ Records to document medical expenses, including print-outs from drugstore or pharmacy

_____ Records to document casualty or theft losses

_____ Records for any other expenditures that may be deductible

_____ Records for any other revenue or sales of property that may be taxable or recordable

IF YOU HAVE ANY QUESTIONS REGARDING WHAT IS DEDUCTIBLE OR WHAT IS RECORDABLE INCOME, PLEASE CALL ME!

*****LAST MINUTE REMINDERS*****

Here is a list of items that most people forget:

1. Vehicle registration
2. Print-out of medical expenses from your pharmacy/doctor/dentist, etc.
3. 1099~~g~~ from casino winnings!!!
4. Interest paid on home-equity lines of credit
5. Mileage for medical miles driven (to & from the doctor~~s~~ office-your home)
6. Interest earned from savings/investments
7. School tax credit forms/addresses