

We have seen several significant tax bills passed in 2010, but some changes are still pending in Congress. Many expired tax provisions have not yet been renewed, including the "AMT (Alternative Minimum Tax) Patch". For the past few years, Congress has passed legislation preventing a substantial increase to the AMT. Without this patch, most middle-income Americans will incur a substantial increase in tax. Some other expired provisions not yet renewed for 2010 include:

- "Above-the-line" deduction for qualified college education expenses
- Charitable contributions of up to \$100,000 from IRA's by taxpayers over age 70 ½
- Itemized deduction for sales tax
- \$250 "above-the-line" deduction for teachers' school supply expenses

Following are a few significant provisions that are already in effect:

Energy Credit – Time is running out on this valuable credit. Individuals may qualify for a tax savings of up to a \$1,500 by making qualified energy efficient improvements to their individual residence, including:

- new insulation
- replacement windows, skylights and doors
- central air conditioners
- certain water heaters, furnaces or boilers
- a new metal or asphalt roof specifically treated to reduce heat loss

The credit is available for property installed in 2009 and 2010. \$1,500 is the maximum a taxpayer can claim over both years, not each year. If you didn't use the full \$1,500 in 2009, you can qualify for the remainder in 2010.

Employer Payroll Tax Credit – The HIRE Act passed earlier this year includes an incentive to hire and retain unemployed workers. Businesses that hire individuals after February 3, 2010 and before January 1, 2011 who were unemployed for the previous 60 days will qualify. The credit is equal to the employer's share of the social security taxes. If you think your business qualifies but you didn't claim the credit on your quarterly payroll tax filings, please contact our office for assistance in obtaining a refund of the tax. Retention of qualified employees for 52 consecutive weeks will increase the available credit by up to \$1,000 per employee.

Small Employer Health Insurance Credit – The new health insurance reform package includes an immediate tax break for small businesses of up to 35% of health insurance premiums. The credit is targeted toward employers paying at least fifty percent of premiums. Employers must have no more than 25 full-time equivalent employees earning wages averaging less than \$50,000 for each employee per year. The specific rules of qualification are somewhat complex. Please contact our office to see if you qualify for the credit.

These are just some of the many recent federal tax developments. Please contact our office if you have any questions about the impact of these, or any other recent tax changes, regarding your particular situation.