

Do You Qualify for These 4 New Tax Breaks?

By: Roger Shumaker, President of Retirement and Tax Solutions

Everyone wants to try and get the best deal they can when it comes to taxes. You've probably heard plenty about the home buyer tax credit, but since most people didn't buy new homes last year and the credit has been well publicized, we're going to instead focus on four other tax breaks that are more likely to apply to you or someone you know.

1) American Opportunity Credit


This tax credit is available to parents and students who paid qualified education costs during 2009. The American Opportunity Credit begins to phase out (or gradually reduce) at \$80,000 for individuals (disappearing at \$90,000) and at \$160,000 for married filing jointly (doesn't disappear until \$180,000). If you or a dependent are an undergraduate (sorry, no grad students) going to college, you can take advantage of this credit, which can be worth up to \$2,500.

2) Purchase of a New Vehicle

If you bought a new car between February 16, 2009 and December 31, 2009, you could be eligible to deduct the state or local sales/excise tax that you paid on the car. The amount you can deduct maxes out at \$49,500 of the purchase price, but qualifying vehicles (light trucks, motor homes and motorcycles in addition to a car) are unlimited. You can get a full deduction if you make less than \$125,000 as a single, or \$250,000 when married filing jointly, then the deduction phases out. One neat thing about this tax break is you don't even have to itemize in order to take this deduction if you file a Schedule L. However, if you do want to itemize, you can enter the deduction on line 5 or line 7 on the Schedule A.

3) Home Energy Credits

You have access to tax credits if you made efforts to increase the energy efficiency of your home in 2009. There are no income limits on these, and there are two expanded credits. The first offers 30% of the cost of certain home improvements, up to \$1,500. These home improvements include high-efficiency home



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heating and cooling, energy-efficiency windows and/or doors, and insulation. The second tax credit offers 30% of the cost plus installation of solar systems, wind turbines and geothermal heat pumps. There is no cap on the credit amount on this version of the tax credit either.

4) Unemployment Benefits

It may not seem fair, but believe it or not unemployment benefits are taxed as income. However, if you received unemployment benefits in 2009, the first \$2,400 can be excluded. It may not seem like much, but it does lower your taxable income. (Every little bit helps right?)

Final Thoughts

Before you file your tax return, make sure that you understand your options, and that you are aware of what is available for you. The U.S. tax code is complicated, and there are a numerous credits and deductions that you can take, but you have to make sure you know what they are and how to get them! If you're in doubt as to whether you have gotten all of the credits and deductions you deserve, we highly recommend consulting with a tax professional. More times than not

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the money spent to have a well qualified professional go over or do your return for you is a fraction of the amount we see most people miss out on credits and deductions when they try to DIY. In fact, we are yet this year to see a single new client in our office that tried the DIY route that this has not been the case.


We know some of the larger national retail firms can be a bit pricey, which is why this year, we are offering to new clients that had their 2008 taxes prepared by any national tax preparation company a **25% discount** for the same forms or our regular price if less.

Roger Shumaker can be contacted at 785-228-0222 or www.RetireTopeka.com with offices located at 5909 SW 28th Street Ste #100, Topeka, KS. He hosts 'Money Talk' heard Saturdays at 9:05 on KMAJ 1440 AM.

Initial consultations are complementary.

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