

Continued Credits & Deductions

Education Benefit Many of you with college age children were able to take advantage of the American Opportunity Credit for 2009 which allows up to \$2500 in credits for tuition and other expenses paid toward the first 4 years of college. This credit will continue for 2010.

Making Work Pay Credit Most of you were able to take advantage of the Schedule M credit of \$400 for working individuals or \$800 per joint tax return. This credit will also continue for 2010

Home Energy Credits Energy efficient improvements to your home can result in up to a \$1500 credit. That was good for 2009 and continues into 2010. You may receive a credit of 30% of the cost of qualifying improvements up to a maximum \$1500 over both years. Qualifying items include insulation, windows, doors, heating and air conditioning systems

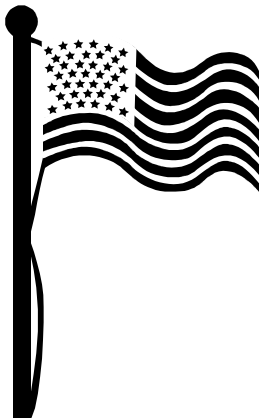
Social Security Payment For those receiving Social Security, there is an extra \$250 stimulus payment extended from the 2009 payment. This provides stimulus for retirees and others who cannot receive the Making work pay credit.

Energy Efficient Vehicle Credit There will continue to be credits on the federal return for certain hybrid and other electric vehicles. This does not apply to all hybrid vehicles, as the credit phases out

after the first 200,000 vehicles for a model are sold. Check the IRS website to see which vehicles qualify for 2010. Remember, Oregon no longer gives any credits for Hybrid vehicles.

COBRA Health Insurance Continuation Subsidy

For those employees who lose their jobs between September 2008 and May 31, 2010, they may qualify for reduced COBRA health insurance premiums. The individual pays 35% of the COBRA premium and the government pays the other 65%.



Discontinued Credits & Deductions

Homebuyer Credit After extending the deadline to April 30, 2010, this credit is no longer good. We haven't heard anything about extending this credit longer.

\$2400 of Tax Free Unemployment This benefit will not continue into 2010.

Sales Tax Deduction Not significant for those of us in Oregon but for my Washington clients and those in other states, there will no longer be a sales tax deduction.

Educator Expense Deduction For those of you teachers and other educators there has been up to a \$250 deduction for out of pocket classroom expenses. This has expired for 2010.

New 2010 Tax Changes

2008 Homebuyers Credit Those of you who received the \$7500 homebuyer credit (loan) on your 2008 tax return will now start repaying the credit at \$500 per year.

Phase outs In 2010 there will be no phase out of itemized deductions or personal exemptions. This will greatly benefit those high income earners.

Tax Benefits for hiring the Unemployed For business owners you can receive an exemption from paying the employer's portion of Social Security (6.2% of wages) if you hire a worker who has been unemployed. In addition, if you retain the employee for a year, you will receive a business credit of \$1000. Family members or relatives do not qualify. Talk to me for all the other details.

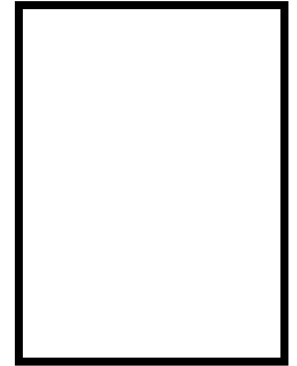
Tax credits for Health Insurance Coverage This is the first phase of the new Health Care plan. Small businesses and tax exempt organizations that have under 25 employees and pay at least half the cost of coverage for their employees are eligible. The credit is a maximum of 35% of the premiums paid in 2010. Again there are more details that you can find on the IRS website or ask me.

Spring Newsletter 2010

Greetings! Happy Spring to you all. The weather is still rainy and the Trail Blazers are out of the playoffs, but for most of you tax returns are completed and we are looking forward to summer!

There were so many new and interesting credits and laws for the 2009 tax returns. I just wanted to keep you up to date on what will be returning for 2010 and what to keep an eye out for as you maneuver the financial waters this year. Some credits will continue and others, such as the new health care laws, will not take effect right away. As I learn more information I will let you know.

This summer I will be in the office only Tuesdays, Wednesdays and Thursdays. I am always available by email and I will return all your messages.



Sue's News

Now that tax season is over, I am trying to get my home back in order. My son is now holding down two jobs and looking to move out soon. My youngest daughter Lizzy is finishing her junior year in high school. She is the stage manager for her Spring play, The Hobbit. Somehow, I volunteered to host the cast party and that is why we are getting the house put together for 50 kids to come over. After that event, Lizzy and I will drive to San Diego and pick up my daughter Larissa who is finishing her second year of college. That is always a fun road trip and we enjoy a stop at Disneyland along the way.

I wish you all a fun and relaxing summer.



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**HIGHLIGHTS 2010
INCOME TAX CHANGES!**