

2010 TAX HIGHLIGHTS

- As of this writing it appears that 2011 and 2012 tax rates will essentially be the same as 2010. One can argue about the merits of this but I think we all agree we need something that we can anticipate and plan around. We also all agree that our country can not continue deficit spending as it has. With that in mind most of us feel that taxes will be higher in the future rather than lower.
- ROTH IRA Conversions became available to all with the lifting of the income ceiling on such transactions. The bonus for 2010 conversions is that you can count that income as 2010 income or include it as 2011 and 2012 income equally. Don't forget that ROTH conversions remain available to all going forward.
- Credits for home energy efficiency expenditures continued through 2010. Don't forget that if you claimed the maximum in 2009 you can not claim anything further in 2010. If you are unsure, give us the information on 2010 expenditures and we can see if you have any credits left.
- Credits for home buyers for transactions entered into before April 30 are large dollars for the right taxpayers. If this includes you (and you didn't already claim the credit) there are real dollars waiting for you.
- For residents of Eastern Massachusetts (essentially Worcester County and east) and Rhode Island, you are included in a FEMA disaster zone as to the spring flooding. If you had an uninsured loss you may be eligible for a more generous casualty loss deduction.
- IRS Audit program focuses on "Schedule C" with emphasis on automobile and travel & entertainment. As such we remind all taxpayers especially those with Schedule C to be sure to have their records in place including logs for auto use and all bank statements.
- Real Estate Operators - those with rental property - need to be aware that starting in 2011, 1099's must be issued to service providers - this includes people like painters, landscapers, electricians, etc. Also note that penalties for not issuing 1099's are on the rise. The government realizes that there is a lot of unreported income out there and they want more compliance to have a more fair allocation of the country's tax burden.