



# O'Brien Tax and Financial Services

January 2010

Hello Tax Clients!

Happy New Year, Tax time is upon us once again!

Enclosed is our tax organizer. You will find this helpful when deciding what is necessary tax information. **It is important to note any contact changes on the organizer.** Also, If you are a first time client please include a copy of your 2008 Tax Return.

If you have been pre-scheduled for an appointment previous years you will find your appointment card enclosed. Please let us know **before** the pre-scheduled appointment if it is inconvenient for you. If you typically drop-off or mail in, our hours are Monday- Saturday, 9-6. You may drop off at any time once you have received all your tax information.

Below are some important new or updated tax laws you might find relevant:

**Buying U.S. Savings Bonds with your refund-** You can now receive up to \$5,000 of U.S. Series 1 Savings Bond as part, or all, of your tax refund without the hassle of setting up an account in advance.

**Non-taxable Unemployment-** Unemployment up to \$2,400 (per recipient) is not taxable on Federal. Anything over \$2,400 is still taxable. This only applies to Federal, all Unemployment is taxable on MA.

**American Opportunity Credit-** The Hope Credit has been renamed to Opportunity Credit and has been increased to \$2,500 for most Taxpayers. Also, part of the credit is now refundable for most Taxpayers.

**Deductible Motor Vehicle Tax-** If you bought a new vehicle after Feb. 16, 2009 you may be able to deduct any state or local sales or excise tax on the purchase.

**First-time Homebuyer Credit-** This credit has increased to as much as \$8,000. (\$4,000 if MFS) This is for homes bought **after** 2008 & **before** May 1<sup>st</sup>, 2010. You can choose to claim the home you bought in 2010 on your 2009 Tax Return.

**Non-business Energy Credit-** You may be able to take this credit for energy saving items placed in service the year of 2009. You can receive up to 30% back of your out-of-pocket expense. Examples of items that may qualify as Energy Saving are: insulation, exterior windows, skylights & doors, electric heat pumps, central AC, water heaters, Biomass fuel stoves, furnaces & boilers.

**Standard Mileage Rates-** The 2009 rate for business is 55 cents a mile. The 2009 rate for medical and moving is 24 cents a mile. Charitable miles are 14 cents.

**New Federal Forms-** Federal has created two new forms- **Schedule M & Schedule L.** **Sch. M** will be used to calculate the "Work Pay Credit". If you received too much or too little of this credit, your refund will be adjusted appropriately. **Sch. L** will figure out the "standard deduction" for Taxpayers who take some deductions but do not qualify for Sch. A. As a reminder, we do charge per forms used.

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**Sch. C & Subcontractors-** Just a reminder that 1099-MISC needs to be sent out to Subcontractors you have paid more than \$600 in the calendar year. I will need this information before 1/31/10 to prepare the required forms.

**Employer Provided Healthcare for Former Spouse-** This will be deducted from your MA gross income.

**Circuit Breaker Credit-** Massachusetts has increased the maximum Circuit Breaker Credit from \$930 to \$960.

**Health Insurance Coverage-** MA continues requiring residents to have Health Insurance coverage. Please bring in your 1099-HC Form.

We appreciate your continued business & referrals during this busy time.

Thank You,  
Bernice Begley, EA

