

New Tax Issues for 2009

Regardless of whether you itemize, please give us two items. First, the property tax on your primary residence and a copy of the purchase papers of any auto or motorhome you may have purchased during 2009. You can get a deduction for more than one auto but it must be a new 2007, 2008, or 2009 model and cost under \$49,500.

There is a new home energy efficient credit not to exceed \$1,500 for qualified expenditures to your primary residence. Qualified expenditures include: building envelope components such as insulation, skylights, exterior windows, doors, certain metal or asphalt roofs, electric heat pump water heater, electric heat pump for central air, natural gas, propane or biomass fuel stoves. Qualified natural gas, propane or oil furnaces, boilers or advanced air circulating fans may also qualify.

Withholding Warning

Many will need to increase their W-2 tax withholding in order to avoid penalty. Last year the administration directed the IRS to reduce the withholding tables to spur the economy. Governor Huntsman directed the Utah Tax Commission to do exactly the same thing. Consequently, many taxpayers are going to owe unexpected tax or have reduced refunds. The IRS has not mitigated under payment penalties for 2009 nor has Utah regarding amounts owed after April 15, 2010. Merry Christmas to all of you.

Foreign Bank Accounts

You may have heard that the IRS has been successful in obtaining foreign financial account information. If the combined value of foreign accounts exceed \$10,000, a form is required to be filed by June 30, 2010. The IRS is aggressively moving to enforce the law and fines with respect to foreign accounts.

Education Credits/Deductions

Postsecondary education deductions and credits have been expanded by the new "American Opportunity Tax Credit." Expenses must be incurred with a qualified accredited educational institution. The institution must offer a recognized postsecondary education credential, associate or bachelor degree. It also must be eligible to participate in Department of Education student aid programs. The credit or deduction must be claimed on the return where the student is claimed as a dependant, irrespective of who pays the educational costs. In order to maximize your credit or deduction, you need to supply their status (sophomore, junior, etc.) as of the first day of 2009. Also, supply the cost of tuition, and course materials paid to the eligible educational institution. The costs must be out of pocket or net after scholarship or student aid received.