

# ATS ACCOUNTING & TAX SOLUTIONS, INC.

## Accounting & Tax Solutions, Inc. Newsletter

Year-End Newsletter

December 2009

### In This Issue

#### Reminders

**Expanded Recovery Act Tax Credit**

**First-Time Homebuyer Credit**

**Reporting New Hires**

### Quick Links

[Accounting & Tax Solutions, Inc.](#)

[Last Newsletter](#)

[IRS Website](#)

[IRS Calendar](#)

### Reminders-

Final estimated payment for 2009 is due January 15, 2010

If you make your State payment prior to December 31st you can take the deduction on your 2009 tax return if you itemize.

Please contact us prior to making this payment to make sure that it does not trigger AMT.

Our entire staff wishes you and your family a Happy Holiday Season!

As in the past, our office will close at noon on Thursday, December 24th and re-open on Monday, January 4th

## Expanded Recovery Act Tax Credits

Help Homeowners Winterize their Homes, Save Energy; Check Tax Credit Certification before You Buy, IRS Advises

### Nonbusiness Energy Property Credit

This credit equals 30 percent of what a homeowner spends on eligible energy-saving improvements, up to a maximum tax credit of \$1,500 for the combined 2009 and 2010 tax years. The cost of certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass all qualify, along with labor costs for installing these items. In addition, the cost of energy-efficient windows and skylights, energy-efficient doors, insulation and certain roofs also qualify for the credit, though the cost of installing these items does not count.

By spending as little as \$5,000 before the end of the year on eligible energy-saving improvements, a homeowner can save as much as \$1,500 on his or her 2009 federal income tax return. Due to limits

based on tax liability, other credits claimed by a particular taxpayer and other factors, actual tax savings will vary. These tax savings are on top of any energy savings that may result.

### **Residential Energy Efficient Property Credit**

Homeowners going green should also check out a second tax credit designed to spur investment in alternative energy equipment. The residential energy efficient property credit, equals 30 percent of what a homeowner spends on qualifying property such as solar electric systems, solar hotwater heaters, geothermal heat pumps, wind turbines, and fuel cell property. Generally, labor costs are included when calculating this credit. Also, no cap exists on the amount of credit available except in the case of fuel cell property.

Not all energy-efficient improvements qualify for these tax credits. For that reason, homeowners should check the manufacturer's tax credit certification statement before purchasing or installing any of these improvements. The certification statement can usually be found on the manufacturer's website or with the product packaging. Normally, a homeowner can rely on this certification. The IRS cautions that the manufacturer's certification is different from the Department of Energy's Energy Star label, and not all Energy Star labeled products qualify for the tax credits.

Eligible homeowners can claim both of these credits when they file their 2009 federal income tax returns. Because these are credits, not deductions, they increase a taxpayer's refund or reduce the tax he or she owes. An eligible taxpayer can claim these credits, regardless of whether he or she itemizes deductions on Schedule A. Use Form 5695 Residential Energy credits, to figure and claim these credits. A draft version of this form is available now on IRS.gov.

### **First-Time Homebuyer Credit**

Extended and Expanded

#### **New Legislation**

New legislation, the Worker, Homeownership and Business Assistance Act of 2009, which was signed into law on Nov. 6, 2009, extends and expands the first-time homebuyer credit allowed by previous Acts. The new law:

- Extends deadlines for purchasing and closing on a home.
- Authorizes the credit for long-time homeowners buying a replacement principal residence.
- Raises the income limitations for homeowners claiming the credit.

Under the new law, an eligible taxpayer must buy, or enter into a binding contract to buy, a principal residence on or before April 30, 2010 and close on the home by June 30, 2010. For qualifying purchases in 2010, taxpayers have the option of claiming the credit on either their 2009 or 2010 return.

For the first time, long-time homeowners who buy a replacement principal residence may also claim a homebuyer credit of up to \$6,500 (up to \$3,250 for a married individual filing separately.) They must have lived in the same principal residence for any five-consecutive year period during the eight-year period that ended on the date the replacement home is purchased.

People with higher incomes can now qualify for the credit. The new law raises the income limits for homes purchased after Nov. 6, 2009. The credit phases out for individual taxpayers with modified adjusted gross income (MAGI) between \$125,000 and \$145,000 or between \$225,000 and \$245,000 for joint filers. The existing MAGI phase-outs of \$75,000 to \$95,000 or \$150,000 to \$170,000 for joint filers still apply to purchases on or before Nov. 6, 2009.

## Several new restrictions apply to homes purchased after Nov. 6, 2009.

- Purchasers must attach a properly executed settlement statement to their return.
- No credit is available if the purchase price of the home exceeds \$800,000.
- The purchaser must be at least 18 years old on the date of purchase. For a married couple, only one spouse must meet age requirement.
- A dependent is not eligible for the credit.
- The new law gives the IRS broader authority to deny first-time homebuyer credit claims, without having to first audit a taxpayer's return. Known as math error authority, this authority applies, retroactively, to credits claimed on original and amended 2008 returns, as well as to claims yet to be filed.

## Reporting New Hires is Mandatory

The federally mandated New Hire Reporting program is vital to the success of the child support enforcement program. Employers make a huge difference in ensuring that children receive the financial support they deserve by submitting new hire data to state agencies shortly after the date of hire.

This information is stored on the State Directory of New Hires and then forwarded to a centralized repository, the National Directory of New Hires, which contains employment information (new hire reports, quarterly wage reports, and unemployment claimant data) for the entire nation.

These data are matched daily against child support cases to locate missing parents, establish paternity, establish or modify child support orders, enforce support orders and obtain health insurance coverage for children. States also use the information from employers to reduce overpayments in areas of unemployment insurance, disability insurance and workers' compensation benefits.

Many states have Internet reporting, reporting by phone and reporting by fax to make it easier for employers to report their new hire data. In addition, multi-state employers may elect to submit all their new hire reports to one state. If employers choose this option, they must notify the Secretary of HHS of the state that they have chosen. Notifications may be submitted online to the OCSE multi-state Employer Registry (see link below) or via fax or mail to:

U.S. Department of Health & Human Services

Office of Child Support Enforcement

Multistate Employer registration

Box 509

Randallstown, MD 21133

(410) 277-9479 (for questions)

(410) 277-9325 (fax)

- Federal Office of Child Support Enforcement at [ww.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm](http://ww.acf.hhs.gov/programs/cse/newhire/employer/private/newhire.htm)

## Business Referral Rewards

\$150.00

Refer a business that becomes a monthly accounting or consulting client and receive a \$150.00 referral Thank you.

You may Choose from one of the Following

- Credit toward your monthly bill
- Visa Gift Card
- Spa Day Certificate at Spa of your Choice
- Bass Pro or Dicks Sporting Goods Certificate

Refer 5 new monthly accounting clients and be our guest for the weekend at either The Brown Palace or The Broadmoor.