

Steven E. Burns Financial Services

Federal and State Tax Returns

INDIVIDUAL, CORPORATE, PARTNERSHIP, TRUST, FARM and SMALL BUSINESS RETURNS

Payroll, Audits, Bookkeeping, Sales & Quarterly Taxes, Business Startups, 1099's and W-2's

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MISC. TAX INFORMATION: (some items may not be up to date due to current legislation)

Here are some tax highlights and changes for 2006-2013.

1. A \$1000.00 tax credit for children under 17.
2. \$2,500.00 tax credit for college expenses FOR FOUR (4) years-100% of the first \$2,000.00 and 25% of the second \$2,000.00 of expenses (SEE #27 FOR MORE INFO) for college.
3. \$2,000 tax credit for college expenses (for anyone) AFTER 4 YEARS of college-20% of up to \$10,000.00 in qualifying expenses.
4. \$2,500 deduction each year for interest paid on a college loan.
5. Capital Gains rate is 10% or one bracket less than your tax bracket.
6. Couples can exclude \$500,000.00 in gains from the sale of their home once each two years. Singles can exclude \$250,000.00.
8. A Roth IRA allows you to put money in that is taxed, grows tax free and is tax free when withdrawn if you are 59 ½. You can put \$2,000.00 OR MORE into this account each year. You can withdraw money to buy a first home or for education expenses from this new IRA or an old IRA without penalty; however you will have to pay tax on the entire withdrawal from an old IRA and/or pay tax due on interest gained on new IRA. There are some restrictions.
9. You can put \$500.00 per child per year into an education IRA (no deduction) but pay-out is tax free.
10. Also, look at 401-K accounts. Be cautious of holding all company stock as a company can go bankrupt resulting in loss of your retirement savings. Hold only the company stock that is required. If you are older- invest in fixed rate securities. You cannot afford to lose your life savings. **YOU SHOULD NOT BE IN THE STOCK MARKET PAST THE AGE OF 55 UNLESS YOU USE MONEY YOU CAN AFFORD TO LOSE!**
11. Mileage rates are 56.5 cents for business, 24 cents for moving and medical and 14 cents for charitable
12. Lower income taxpayers receive a tax credit for contributions to a retirement account.
13. At 70 ½ you can make a qualified charitable contribution **from your IRA and do not have to include this in your income**. This is a windfall for taxpayers that have large amounts of their social security taxed.
14. There are some new energy credits for your home: NOW FOR 2008 AND 2009
 - a. 10% up to \$200 on insulation, windows or roofing or other products that reduce heat eat gain or loss for a home
 - b. 100% up to \$300.00 for heating systems and furnaces
 - c. Hot water heaters and some other energy efficient appliances
15. Up to \$3400.00 for a hybrid vehicle.
16. FIRST-TIME HOMEBUYER CREDIT \$8,000.00 **EXPIRED** (PAYBACKS NOW DUE)
17. New rules for charitable contributions:
 - a. property must be in good used or better condition
 - b. cash contributions must be supported by a bank record.
18. Earned income credit increases to incomes up to \$52,00.00 AND OVER AND FOR UP TO 3 CHILDREN.

19. Phase outs of exemptions, tax credits and other offsets begin at \$125,000.00 AND \$250,000.00.
20. Transportation workers get 80% of meals or meal allowance.
21. Expired tax breaks WERE extended:
 - a. Educator expenses for teachers up to \$250.00
 - b. Tuition and fees deduction
 - c. State and local sales taxes
22. **Roth** 401k plans are now available. You pay taxes on the contributions; however, withdrawals **are not** considered income.
23. MOST OF THE BUSH TAX CUTS EXPIRED IN 2010
24. **The IRS has A special section on the IRS Web site, www.IRS.gov. The section is called "Tax Benefits for Education" and it provides informative information and answers and information for students and parents. The section includes information on Code Sec. 529 plans, frequently asked questions, and two key changes under the American Recovery and Reinvestment Act [P.L. No. 111-5] that will be in effect during 2009 and 2010. The first change involves an expansion of the list of qualified expenses under Code Sec. 529 college savings plans. For 2009 and 2010, computer technology and equipment or internet access and related services to be used by the college student have been added to the list of qualified expenses. That list also includes tuition, required fees, books, supplies, equipment and special needs services, as well as room and board for those who are considered at least a half-time student. The other change is the introduction of the American Opportunity Credit, which modifies the existing Hope credit for tax years 2009 and 2010, expanding income guidelines and adding required course materials to the list of qualified expenses. The maximum annual credit under this provision is \$2,500 per student.**

THIS IS BY NO MEANS AN EXHAUSTIVE LIST OF TAX CHANGES AND TAX REGULATIONS, IT IS HOWEVER, A LIST OF SOME OF THE MOST MEANINGFUL TAX REGULATIONS AFFECTING A MAJORITY OF TAXPAYERS. EXACT FIGURES OF TAX SAVINGS, TAX DEDUCTIONS, TAX CREDITS, ETC. ARE NOT GUARANTEED. YOU MUST CONSULT WITH YOUR TAX ACCOUNTANT, LAWYER OR TAX PREPARER TO DETERMINE YOUR EXACT SAVINGS, DEDUCTIONS, AND/ OR CREDITS.