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JUNE 2009 – ESTIMATE REMINDER LETTER & TAX UPDATE

2ND QUARTER ESTIMATED TAX PAYMENTS (due Monday, June 15, 2009)

For those individuals who make quarterly estimated income tax payments, your 2nd federal and state payments are due on or before **Monday, June 15, 2009**.

NEW RESIDENTIAL ENERGY TAX CREDITS

Federal Residential Energy Property Credit: The credit is 30 percent of the cost of all qualifying improvements placed in service in 2009 and 2010 (up to a maximum of \$1,500). The credit applies to improvements such as adding insulation, energy efficient exterior windows and energy-efficient heating and a/c systems.

Federal Residential Energy Efficient Property Credit: This credit applies to taxpayers who pay for qualified residential alternative energy equipment, such as solar hot water heaters, geothermal heat pumps and wind turbines. The credit is equal to 30 percent of the cost of qualified property.

Massachusetts Energy Tax Credits: If you have expenditures for certain renewable energy source items, such as equipment which uses or transmits solar or wind energy to heat, cool, or provide hot water for your principal residence in Massachusetts, you may qualify for a credit.

\$8,000 TAX CREDIT FOR BUYING A HOME BEFORE DECEMBER 1, 2009

Individuals buying a home for the first time in 3 years are allowed to take a tax credit equal to 10% of the price paid for the home, up to a maximum of \$8,000.

- The home must be purchased from April 9, 2008 through December 1, 2009.
- The credit is phased out for individual taxpayers with modified adjusted gross income (AGI) between \$75,000 and \$95,000 (\$150,000 and \$170,000 for joint filers) for the year of purchase.

TAX BREAK FOR PURCHASING A NEW CAR BY DECEMBER 31, 2009

In hopes of spurring the overall economy in general, there is a new tax break for purchasers of new cars: **a deduction for state and local sales and excise taxes paid on new vehicle purchases**. Sales tax is generally not a deductible item for individuals. A limited exception allows taxpayers who itemize their deductions to claim either state and local income taxes or state and local general sales taxes, which mainly benefits taxpayers with a state or local sales tax but no income tax. Key details of this new tax incentive include:

- The tax break applies to purchases of passenger cars, minivans, light trucks, motorcycles, and motor homes, but it only applies on \$49,500 of the vehicle's price and it only applies to new vehicles.
- The tax break covers new vehicles purchased between **February 17, 2009 and the end of 2009**.
- You do not have to itemize your deductions to be able to claim the deduction. However, the deduction cannot be taken by a taxpayer who elects to deduct state and local sales taxes in lieu of state and local income taxes.
- Only couples making less than \$250,000 a year, or individuals making less than \$125,000 annually, qualify for the full deduction

TAX CREDIT FOR BUSINESSES HIRING UNEMPLOYED VETERANS & CERTAIN YOUTH

Certain businesses may claim the newly-expanded work opportunity tax credit (WOTC) for eligible unemployed veterans and unskilled younger workers hired during the first part of 2009. Businesses have until Aug. 17 to request the certification required for these workers, according to the Internal Revenue Service.

DISCLAIMER REGARDING TAX ADVICE PER IRS CIRCULAR 230, DISCLOSURE: To ensure compliance with requirements imposed by the IRS, this is to inform you that, to the extent that this communication (including any attachments) includes any tax advice, it is not intended or written to be used, and cannot be used or relied on, by the recipient or any other party for the purpose of 1) avoiding penalties that may be imposed by the Internal Revenue Code or 2) promoting, marketing or recommending to another party any transaction or matter communicated to you.