

Keep Up with Recent Tax Credit Changes

Be aware of recent tax changes: they could save you money. Some of the recent changes include the First-Time Home Buyer credit, Health Coverage credit for people who lose their jobs, Hope credit, and New Car Tax Break, and Making Work Pay credit. Changes were also made to the Earned Income Tax Credit and Child Tax Credit. Be sure to visit irs.gov for more complete information on these changes. The information is easily available through links on their home page.

The **First-Time Home Buyer** credit has been expanded to include purchases made before April 30, 2010. For those who purchased in 2009 or prior to April 30th, the maximum credit is \$8,000. While it may be more beneficial to claim it on your 2009 or 2010 tax return, you may still be able to claim the credit on a 2008 tax return if you requested an extension or by filing an amended return. Long-time residents who are buying a new main residence may also be allowed a tax credit at a lesser amount. Be sure to ask your accountant or visit irs.gov.

Health Coverage credit for employees who involuntarily lose their jobs is provided through the COBRA Health Insurance Continuation Premium Subsidy.

The **Hope Credit for Education** in 2009 and 2010, for qualified tuition and related expenses in the first four years of postsecondary education, can be worth as much as \$2,500 off your tax bill (up from \$1,800).

New car buyers might want to take advantage of the special tax break available for **New Vehicle Purchases** in 2009. You may be able to deduct state and local sales and excise taxes paid on the purchase of certain vehicles.

The **Making Work Pay** credit means more take-home pay for many Americans — but be sure to assess your withholding to make sure you don't underpay your taxes in 2009 and 2010. Employers may offer both spouses the full amount available to married couples, thus doubling the amount to which the couple is entitled.

If your employer provides a benefit that allows you to pay transportation costs with pretax dollars, there is a new, bigger perk related to transit costs. From March 2009 through the end of 2010, people who take public transportation to work can set aside up to \$230 per month in pretax dollars to pay for those costs, bringing the benefit inline with the \$230 allowed per month for employees' parking costs. Be sure to read more about the **Transportation Subsidy**.

Be sure to visit irs.gov for up-to-date information about current tax credits — see the American Reinvestment Act of 2009: Information Center — or speak with your tax advisor for professional advice.