

## Tax Planning Tips

**BEWARE:** The IRS has a division dubbed the Global High Wealth Industry Group which will target the 'high wealth' group of filers. These individuals are being targeted for audit.

### 2009 Year-End Tax Planning for Individuals

- **Going Green?**

A 30% tax credit – to a maximum of \$1,500 - is available for amounts spent on qualified energy-efficient improvements to your home. These include windows, exterior doors, central air, roofing, water heaters and more.

- **Plan for Retirement**

Have you fully funded your retirement plan? If you intend to convert your traditional IRA to a Roth IRA, you may want to wait until 2010 when you will have the option to pay the tax due over a two year period. Remember, for 2009, the requirement to take a Required Minimum Distribution has been waived.

- **Charitable Contributions**

If you have stock that has appreciated in value held for more than a year, you may donate those shares and avoid capital gains tax and you get a deduction for the contribution. If the shares have declined in value, it is better to sell the shares, deduct the loss and then take the charitable deduction. If you need deductions, make a last minute contribution to your favorite organization.

- **Qualified state tuition (529 plan) Contributions**

Contributions of up to \$5,000 to the Indiana state plan may qualify you for a 20% tax credit on your Indiana return.

- **The American Opportunity Tax Credit (Hope education credit)** has increased from \$1,800 to \$2,500.

The credit can now be claimed for the first four years rather than two and has been expanded to include books supplies and equipment.

- **Gifting**

For the year of 2009, the amount has been increased to \$13,000 that may be passed tax free to each donee.

- **Estate Tax Relief**



As of the time this goes to 'press', Congress is debating the amount of the estate tax exemption at the Federal level. The 2009 exemption is \$3,500,000. As of this date, for 2010, the tax code reflects a 100% exemption but the legislation is being debated that will likely change this amount. Information from the Congressional offices suggests any change made in 2010 could be retroactive to January 1, 2010 regardless of the date the legislation might be enacted. We strongly recommend you closely watch this item as it could have a significant impact on the heirs of an estate resulting from a death in the early days of 2010.

Scheduled to Expire on December 31, 2009

The Alternative Minimum Tax 'patch', sales tax deduction on new cars & trucks and the federal subsidy for COBRA payments.

The exclusion from income of up to \$2,400 in unemployment compensation.

For businesses – the longer NOL carrybacks and increased bonus depreciation opportunities are not scheduled to continue.

**Congress may extend or make changes to any tax item at the last minute so watch the news.**

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