



PULLEY | TAX | SERVICE

Tax Year 2009

www.pulleytaxservice.com

January 2010

Special points of interest:

- New Tax Preparer
- New Legislation
- First-time Homebuyer
- Roth Conversions
- Income Tax Data Itemizer

Office News

Hello Everyone,

We have some exciting news this year. Another tax professional, Connie Patton, is joining Pulley Tax Service. Karen has known Connie personally for several years and is excited she has agreed to share her talents with us. She has earned her MBA and has a background in a variety of business settings. She has spent most of the Fall becoming current on IRS rules and regulations. We look forward to introducing her to you.

We have made several technology updates that will allow us to offer some exciting options to you as well as improve our efficiency...especially in the long run. However in the short-term we may need a little patience as we make the transitions!

One of the most exciting technological advances is the option of returning your completed tax return to you via e-mail with a password protected file. If this is something you are interested in, we can provide more details during your appointment.

The Pulley Family spent Christmas in South Mississippi this year. What a surprise we got when we returned. The surprise just keeps on coming and we keep shoveling it.

We look forward to assisting you with your tax needs this year and as always, we appreciate your referrals.

Regards—Rose, Joe, Karen, Connie and Glenda

Auto Mileage Rates (in cents)

	2009	2010
Business	55	50
Medical	24	16.5
Moving	24	16.5
Charity	14	14

Tax Legislation—2009

There were two significant pieces of tax legislations that passed in 2009:

The American Recovery & Reinvestment Act of 2009 signed on February 12, 2009

Worker, Homeownership & Business Act of 2009 signed on November 6, 2009

This newsletter summarizes a few of the more popular changes. If you have internet access you will want to go to our website and find more extensive coverage under the Tax Tips and Tax Legislation tabs. Please call if you have any questions.

Standard Deduction For 2009

Married Filing Jointly (MFJ) or Qualified Widow(er)	\$11,400
Single	\$5,700
Head of Household	\$8,350
Married Filing Separate (MFS)	\$5,700
Add'l for Blind/Elderly - (MFJ / MFS)	\$1,100
Add'l for Blind/Elderly - Single	\$1,400
"Kiddie" Standard	\$ 950
Exemption	\$3,650

- Energy Improvement Credit—Back for 2009 & 2010 for certain qualifying Energy Efficient updates to your principal residence. Expanded to \$1,500

- American Opportunity Credit—an enhanced and expanded tax credit for tuition paid for the first 4 years of college.

- Making Work Pay Credit—up to \$400 (\$800 MFJ) credit for earned wages.

- Sales Tax Deduction on New Vehicle—Make sure you let us know if you purchased a new vehicle in 2009.

- First-Time Homebuyer Credit—Extended and expanded as of November 6, 2009 to include current homeowners that have been in their homes at least 5 years.

New for 2009 and 2010...

Energy Improvement Credit

The Residential Energy Credits were expanded to 30% of the amount paid up to a cap of \$1,500. The credit is available for 2009 and 2010. This is the credit available for windows, exterior doors, HVAC units, water heater, etc. Each item has its own qualifying criteria it must meet. Feel free to call us or visit www.energystar.gov

American Opportunity Credit

Credit for tuition expenses for 2009 & 2010. The, up to \$2,500, credit was expanded to include the first 4 years of school and income phase-outs increased to \$90,000 (\$180,000 MFJ).

Making Work Pay Credit

Those with earned income will have a new schedule with their returns this year. The credit is for up to \$400 (\$800 MFJ) depending on your earnings and total income reported. Most of the credit was received through reduced withholdings on paychecks. This will be in effect for 2010 also. Those receiving Social Security, SSI, Railroad Retirement, or Veterans Benefit received \$250 of this credit early summer.

Sales Tax Ded on New Vehicle

Let us know if you purchased a new vehicle in 2009. This includes a motor home or motorcycle. Sales tax on the first \$49,500 of the pur-

chase price can be deducted whether or not you itemize subject of course to income thresholds.

Unemployment Benefits

The first \$2,400 in unemployment benefits received in 2009 will be excluded from Federal Income Taxes. The exclusion will not be carried over to MO or KS.

Required Minimum Distributions RMD's (distributions required at 70 1/2) **must be made in 2010.**

529 Qualified Withdrawals

Expanded to include purchase of computer equip. and internet services even if college does not specify it as a condition of enrollment.

Plug-In Electric Vehicle Credits

You may be able to claim one of three credits for plug-in electric vehicles manufactured primarily for use on public streets and highways. Vehicles for use on golf courses do not qualify.

If you purchased a qualifying vehicles or are considering a purchase please call for more details.

There are some new features for converting from an IRA to a Roth IRA. Since Roth contributions are not deductible, the amount you convert from an IRA is included in income in the year of the conversion.

For 2010 you will have the option of reporting the income from the converted IRA's between 2 years, 2011 & 2012 instead of all of it in the current year.

Roth Conversions
New features for
2010

Before 2010, conversions were only open to those with incomes of less than \$100,000. This income cap has been removed. As you know the desirable feature of a Roth IRS is that qualified withdrawals are tax-free. Withdrawals are qualified if the Roth has been held for 5 years and the account owner has reached 59 1/2 (exceptions apply).

First-time Homebuyer Credit (subject to income phaseouts)—A tax credit equal to the lesser of \$8,000 (\$4,000 if MFS) or 10% of the purchase price of the home is available for first time homebuyers. A first time homebuyer is someone who has not had an interest in a principal residence for 3 yrs. If married, both must meet the definition. Also purchases from related parties do not qualify for the credit. The home must be your principal residence for 3 yrs.

This credit was extended to those with contracts by April 30, 2010 (closing before July 1, 2010). The credit has been expanded to current homeowners who purchase after November 6, 2009 and have been in their home 5 consecutive years out of the last 8 years. The credit is the lesser of \$6,500 or 10% of the purchase price of the new home. While your existing home does not have to be sold, the new home needs to become your principal residence for 3 years.

Missouri Updates

- Deduction for taxable Social Security and public retirement benefits based on AGI, etc. increases from 35% to 50%.
- Contribution to any state 529 plan qualifies for a Missouri or Kansas modification to income.



Just a reminder we are OPEN year-round. We are happy to discuss tax issues at any time. We find it is always better to discuss BEFORE the transaction is completed!

To ensure compliance with requirements imposed by the IRS, we inform you that the tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

TAX YEAR 2009



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Make Your Appointment Today

PULLEY TAX SERVICE

2010 Office Hours

January 11 thru April 15

Mon—Thurs 9:00am - 6:00 pm

Fri, Sat 9:00am - 4:00 pm

Sunday Closed

(other times are available by appt)

Please call to schedule your appointment now as times fill quickly. If you are bringing more than one tax, please let the receptionist know so ample time can be given.



201 W LEXINGTON, SUITE 302

INDEPENDENCE MO 64050

816-254-6783

We are located in an office building on the Historic Independence Square at the corner of Liberty and Lexington.

Parking: Parking is available in front of the building and we have three reserved spaces in the parking lot behind the building. These spaces are accessible from Liberty St. and they are marked.

THINGS TO BRING

- All W-2's
- All 1099's (misc, int, div, etc)
- All 1098's (Mtg Interest Pd)
- Social Security Benefits
- Personal Prop Tax Paid
- Real Estate Tax Paid
- Contributions
- Estimated Taxes Paid
- Long-term Care Insurance
- Sales Tax Paid on New Vehicle