



# PULLEY | TAX | SERVICE

Tax Year 2010

www.pulleytaxservice.com

January 2011

## Special points of interest:

- Delayed processing for some returns
- Tax Legislation Highlights
- New for Landlords
- Missouri Notes

## Office News

Hello Everyone,

Congress was once again busy in December updating tax laws. I will cover some of the more popular items in Legislation Highlights (below). As most of you have heard, there are some returns that will not be able to be submitted to IRS for processing until mid February. **If your return falls into one of these categories, we would encourage you to continue to make your appointments as soon as your information is ready.** This will ensure your return is ready for submission when IRS gives the OK.

We have a couple of new offerings this year to improve our service to you. First, we are offering web portals which will allow us to securely exchange documents in electronic format. For those who like to drop off your information you can now do this via a portal or continue to bring your items to the office. To set-up a web portal, please give us a call. Another new offering is the ability to deduct our preparation fees from your Federal refund.

We will have four registered tax preparers in the office (Karen, Connie, Nichole and Rose) to meet your needs. Our newest preparer, Nichole is a recent accounting graduate and has been preparing taxes for the past three years.

Glenda will be happy to assist you with setting your appointment. As always, we appreciate your referrals.

Regards—Rose, Joe, Karen, Connie, Nichole and Glenda

## Auto Mileage Rates (in cents)

	2010	2011
Business	50	51
Medical	16.5	19
Moving	16.5	19
Charity	14	14

## Tax Forms Subject to Delayed Processing

The following are the most common forms that will not be accepted by the IRS until mid to late February: **Schedule A** (itemized deductions); **Form 8917** (Tuition and Fees Deduction), **1040 line 23**, Educator Expense (teacher classroom expense), **Form 5405** Homebuyer Credit & Repayment

## Standard Deduction For 2010

Married Filing Jointly (MFJ) or Qualified Widow(er)	\$11,400
Single	\$5,700
Head of Household	\$8,400
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

## Highlights of 2010 Tax Legislation

The following summarizes a few of the tax law changes that were passed in 2010. Please call if you have any questions.

### Current Tax Laws Extended until 2012 (unless noted otherwise)

- Current Individual Tax Rates
- \$1,000 Child Tax Credit. (2009 refundability rules were also extended)
- Long Term Capital Gain/Qualified Dividend Rates (0%, 15%)
- American Opportunity Tax Credit (\$2,400 credit for college expenses)
- Student Loan Interest Deduction Criteria and Income Phaseouts Levels

(cont'd on Page 2)

# Tax Highlights Cont'd...

## Current Tax Laws (cont'd)

- Sales & local tax deduction option on Schedule A
- Dependent Care Credit amounts of \$3,000 and \$6,000
- Teacher Classroom Expense
- Tuition and Fees Deduction
- Energy Credit was extended for 2011, but reverts to pre-2009 rules (10% up to \$500 max).
- Expanded Earned Income Credit
- AMT exemption amount increased.

- Reinstatement of Estate Tax
- Mortgage Insurance Premiums deduction thru 2011

### Other items:

Medical reimbursements from Flex and HSA plans no longer allow over-the-counter medicine without physician's prescription.

Adoption Credit (up to \$13,170) is a refundable credit for 2010 and 2011. Special needs adoptions entitled to full credit even if no cost incurred.

For those 70 1/2 and older, IRA transfers (up to \$100,000) can be made tax-free to charities for 2010

and 2011 and will apply to your RMD requirements. Due to the late enactment for 2010, January 2011 transfers can be designated as 2010.

No phaseout amounts for exemptions and itemized deductions due to income.

### Items NOT EXTENDED for 2010

- Standard Deduction addition for Real Estate Taxes
- New car sales tax (above the line)
- Unemployment \$2,400 exclusion. 100% will be taxable.
- Making Work Pay Credit-after 2010-replaced with Payroll Tax Cut

## Payroll Tax Cut

For 2011 only, the Social Security tax rate on employees reduces to 4.2% (from 6.2%) and the self-employment rate reduces to 10.4% (from 12.4%). Employer Social Security tax stays at 6.2%. Medicare Tax is not effected. Employees will see less Social Security withheld from their paychecks.

## New for Landlords

In 2011, if you receive rental income from real estate there is a new filing requirement with IRS. If you pay \$600 or more to a service provider (such as a plumber, painter, or accountant) in connection with a rental property you will be required to report the amount paid on a 1099-

MISC. This form requires name, address and tax id number of the service provider. Asking the service provider to complete a Form W-9, will help you obtain this information. We will be happy to assist you with this filing in 2012. There are some exceptions to this filing requirement.

**Attention  
Landlords**

**Business Tax Highlights:** If your are considering purchasing equipment for your business, please contact us so we can review each situation. There are several options available for expensing certain fixed asset purchases. The Bonus Depreciation was expanded from 50% to 100% for purchases of certain NEW fixed assets between 09/08/2010 thru 12/31/2011. As in the past, the election of Section 179 expensing is available for certain new and used equipment. The amounts available under this section has also been expanded.

Self-Employed health insurance will be deductible in calculating self-employment taxes for 2010. Previously this was only deducted for income tax purposes.

HIRE Act allowed incentives for hiring "unemployed" individuals from 2/08/10 thru 12/31/10. Let us know if you had any qualifying employees so we can make sure you receive full benefit.

## Missouri Updates

Deduction for taxable Social Security and public retirement benefits based on AGI, etc. increases from 50% to 65%. Public pension subject to max Social security limit.

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!

**TAX YEAR 2010**



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## Make Your Appointment Today

### PULLEY TAX SERVICE

#### 2011 Office Hours

January 10 thru April 18

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.

Interested in dropping off your information. Call the office for details.



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)
- College Expenses Paid-1098T
- Social Security Benefits
- Personal Prop Tax Paid
- Real Estate Tax Paid
- Contributions
- Estimated Taxes Paid
- Long-term Care Insurance
- Energy Efficient Updates (appliances not included)