

LS Ross CPA & Financial Services

Tax and Financial Newsletter

January 2010 (First Edition)

Dear Client:

We have put together our first monthly newsletter of current tax updates. The information provided is intended to inform only and should not be considered as tax advice. Please make an appointment to discuss how any issue pertains to you personally.

This is our first issue so we encourage feedback!

TAX LEGISLATION

Georgia residents of counties declared as *federal disaster areas* are allowed special tax relief provisions.

These include elimination of thresholds for allowable loss deductions (previously 10% of AGI), and allows a 50% special bonus depreciation on replacement or repaired property (includes, but is not limited to residential rental property). Federal monies received as qualified disaster relief payments are NOT reportable as gross income.

COBRA Unemployed Benefits: Congress has allowed workers who lost their job between Aug 31, 2008 and Feb 28, 2010 to continue obtaining a 65% reduction in their COBRA premiums for 15 months (previously limited to 9 months). The 15 months will be applicable to those whose benefits already ran out after November.

\$8000 Home Buyer Credit: Per Congress, a first time home buyer is any person who has not owned a principal residence during the (immediate) prior three-year period. The tax credit has been extended for purchases occurring on or before April 30, 2010. Also, buyers have the flexibility to apportion the credit so it benefits them. The IRS has ruled that if two individuals buy a house together before the deadline, but one is not eligible for the credit, the \$8000 credit can be fully allocated to and claimed by the other.

The \$6,500 Move-Up / Repeat Home Buyer Tax Credit: This credit is for buyers who have owned and lived in their previous home for five consecutive years out of the last eight years. The tax credit applies only to homes priced at \$800,000 or less. The credit is available for homes purchased after November 6, 2009 and on or before April 30, 2010. Single taxpayers with incomes up to \$125,000 and married couples with incomes up to \$225,000 can qualify for the full tax credit.

Street-legal Electric Golf Cart Tax Credit: New electric golf carts may qualify for up to \$6000 in federal income tax credits. The IRS has a list of approved electric vehicles that have already qualified for the credit. Depending upon the capacity of the battery (amp-hrs) your new electric golf cart could reap at least a \$2500 credit. The IRS has stated that buyers can rely on the Manufacturers Credit Certification in lieu of knowing the rules verbatim. In general, an eligible cart must meet US safety standards and be street legal for use on roads with posted speed limits of 35mph or less. And yes, you can still use the golf cart on you local golf course – it won't invalidate the credit.