



2432 W. Peoria Avenue Suite 1168 Phoenix AZ 85029 602/995-2100 fax: 602/944-1317

**NEWS YOU CAN USE-2010 TAX FACTS**

EXTENSION OF ENERGY EFFICIENT PROPERTY IMPROVEMENTS placed in service in 2010 includes:

- Solar Electric Property
- Solar Water Heating Property
- Qualified Fuel Cell Property

IMPROVEMENTS AND RAISES THE MAXIMUM CREDIT LIMIT TO \$1500.00

Energy efficient improvements include insulation, windows, outer doors, high energy water heaters, central air conditioners, and biomass stoves. For further information visit [www.energystar.gov](http://www.energystar.gov) or the IRS website: [www.irs.gov](http://www.irs.gov).

NOTE: THE CREDIT HAS BEEN INCREASED TO 30% OF THE COST OF ALL QUALIFYING

**NEW MILEAGE RATES FOR 2010:**

BUSINESS:	Beginning 1/1/10:	50 cents/Mile
MEDICAL/MOVING:	Beginning 1/1/10:	16.5 cents/mile
CHARITABLE:	Beginning 1/1/10:	14 cents/Mile

NON ITEMIZERS GET AN ABOVE THE LINE DEDUCTION OF UP TO \$1000 FOR REAL ESTATE PROPERTY TAXES PAID ON THEIR PRINCIPAL RESIDENCE.

**FIRST TIME HOME BUYER TAX CREDIT**

UP TO \$8000.00 OF CREDIT IS ALLOWED, BASED ON PURCHASE PRICE OF HOME, AS WELL AS HOME OWNERSHIP STATUS IN PAST THREE YEARS. HOME HAD TO BE PURCHASED BY 4/30/10 AND SALE COMPLETED BY 6/30/10; ALSO A LONG TIME RESIDENT TAX CREDIT EXISTS WITH THE SAME EFFECTIVE DATES. HOWEVER THE MAXIMUM CREDIT IS \$6500.00 CAUTION: THERE ARE TIME OF OWNERSHIP REQUIREMENTS FOR BOTH CREDITS AS WELL AS INCOME LIMITATIONS AND OTHER RESTRICTIONS.

**OTHER ISSUES:** ABOVE THE LINE DEDUCTION OF EDUCATOR’S CLASSROOM EXPENSES HAS BEEN REINSTATED. ALSO TAXPAYERS CAN ELECT TO WRITE OFF GENERAL SALES TAX OR INCOME TAX, WHICHEVER IS HIGHER, ON SCHEDULE A. THE MAKING WORK PAY CREDIT IS STILL IN EFFECT FOR TAX YEAR 2010. THIS REFUNDABLE CREDIT ALLOWS A WAGE EARNER, AS WELL AS THEIR SPOUSE TO RECEIVE UP TO \$400.00(\$800.00 FOR MFJ) AS A REDUCTION IN TAX FOR 2010.

**2010 BASIC STANDARD DEDUCTIONS:**

MFJ/SURVIVING SPOUSE:	\$11,400	HEAD OF HOUSEHOLD:	\$8,400
SINGLE:	\$5,700	MFS:	\$5,700

**2010 PERSONAL EXEMPTION AMOUNT: \$3650.00**



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**BASIC TAX BRACKET AMOUNTS-2010**

<b>MFJ AND SURVIVING SPOUSES</b>				<b>SINGLE</b>			
-0-	-	\$16,700	10%	-0-	-	\$8,350	10%
\$16,701	-	\$68,000	15%	\$8,351	-	\$34,000	15%
\$68,001	-	\$137,300	25%	\$34,001	-	\$82,400	25%
\$137,301	-	\$209,250	28%	\$82,401	-	\$171,850	28%
\$209,851	-	\$373,650	33%	\$171,851	-	\$373,650	33%
OVER \$373,650			35%	OVER \$373,650			35%
<b>HEAD OF HOUSEHOLD</b>				<b>MARRIED FILING SEPARATELY</b>			
-0-	-	\$11,950	10%	-0-	-	\$8,375	10%
\$11,951	-	\$45,550	15%	\$8,376	-	\$34,000	15%
\$45,551	-	\$117,650	25%	\$34,001	-	\$68,650	25%
\$117,651	-	\$190,550	28%	\$68,651	-	\$104,625	28%
\$190,551	-	\$373,650	33%	\$104,626	-	\$186,825	33%
OVER 373,650			35%	OVER \$186,825			35%

**STATE OF ARIZONA ISSUES: 2010**

Extra curricular tuition credits, as well as credits for Private Education Tuition amounts are still available. The dollar values are \$200/\$400 for the extra curricular credit, depending on filing status, and \$500/\$1000 for the private education tuition credit, depending on filing status. DONATION MUST BE MADE PRIOR TO DECEMBER 31<sup>ST</sup>.

**2010 RETIREMENT PLAN CHANGES:**

Maximum 401(k) contributions are still \$16,500. Individuals age 50 or older can contribute an additional \$5,500 for a total of \$22,000.

SIMPLE Plan contributions increased to \$11,500. If a participant is age 50 or older, then an additional \$2,500 can be contributed.

For tax year 2010, Roth IRA conversions are allowed from traditional IRAs and qualified plans, regardless of their modified AGI. There are no income limitations, and half of the income can be recognized in 2011 and 2012, unless the taxpayer chooses to recognize it in 2010.

THE ANNUAL GIFT TAX EXEMPTION AMOUNT REMAINS AT \$13,000 AS OF 2010

**2010 AGI PHASE-OUT AMOUNTS/RANGES**

FILING STATUS	TUITION/FEES DEDUCTION	STUDENT LOAN INTEREST DEDUCTION	LIFETIME LEARNING CREDIT	AMERICAN OPPORTUNITY CREDIT	CHILD TAX CREDIT	SAVERS CREDIT	ITEMIZED DEDUCTIONS
<b>MFJ</b>	\$130,000/\$165,000	\$120,000/\$150,000	\$100,000/\$120,000	\$160,000/\$180,000	\$110,000	\$55,500	\$166,800
<b>QW</b>	\$65,000/\$80,000	\$60,000/\$75,000	\$50,000/\$60,000	\$80,000/\$90,000	\$75,000	\$27,250	\$166,800
<b>SINGLE</b>	\$65,000/\$80,000	\$60,000/\$75,000	\$50,000/\$60,000	\$80,000/\$90,000	\$75,000	\$27,250	\$166,800
<b>HOH</b>	\$65,000/\$80,000	\$60,000/\$75,000	\$50,000/\$60,000	\$80,000/\$90,000	\$75,000	\$41,625	\$166,800
<b>MFS</b>	DO NOT QUALIFY	DO NOT QUALIFY	DO NOT QUALIFY	DO NOT QUALIFY	\$55,000	\$27,750	\$83,400