

THE DPA ADVISOR

Tax and Financial Planning Tips, Updates and Recommendations



Dennis Piper & Associates, P.C.
Certified Public Accountants

811 Boyd Avenue, Ste 205, Pittsburgh, PA 15238 412-826-8600 (phone); 412-826-8611 (fax)
www.dennispiperassociates.com

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2009 Recovery Act: Residential Energy Credits

The American Recovery and Reinvestment Tax Act of 2009 (2009 Recovery Act) provides benefits to homeowners like you by reinstating the Credit for **Non-business** Energy Property (CNEP) for 2009 and 2010, and enhancing the Residential Energy Efficient Property (REEP) credit.

As you may know, the CNEP can be taken when qualified energy efficient improvements or expenditures are made for

your principal residence, including new insulation; replacement windows, skylights and doors; central air conditioners; certain water heaters, furnaces or boilers; and a new metal or asphalt roof specifically treated to reduce heat loss. The CNEP, which was not available for the 2008 tax year, has been reinstated for eligible property placed in service after December 31, 2008, and before January 1,

2011. The 2009 Recovery Act also:

- eliminates the lifetime limitation for the CNEP (previously \$500);
- **increases the credit from 10% to 30% of qualified expenses;** and
- increases the **maximum CNEP** amount for 2009 and 2010 installations to **\$1,500.**

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Special Sales Tax Deduction for New Car Purchases - Available through the End of 2009

The American Recovery and Reinvestment Act of 2009 provides a deduction for state and local sales and excise taxes and some fees paid on the purchase of qualified new vehicles through the end of 2009.

A qualified vehicle is a passenger auto, motorcycle, or light truck weighing 8500 pounds or less (GVW). Motor Homes also qualify.

The purchase price of

the qualifying vehicle must be \$49,500 or less, and you must be the first-time buyer of the vehicle.

This deduction is available regardless of whether you itemize or take the standard deduction.

The deduction is phased out for taxpayers whose modified adjusted gross income is between \$125,000 and \$135,000 for individual filers and between \$250,000 and

\$260,000 for joint filers.

This deduction may only be claimed on your 2009 tax return, but it applies to all of your car purchases in after February 19, 2009 and before January 1, 2010 as long as the vehicles meet the previous stated qualifications.

Used cars do not qualify.





Job Loss - What You Need to Know

These days, it is not uncommon to hear about friends and neighbors who have lost their jobs due to the economic downturn.

If you are a displaced worker, or soon will be, here are a few things you should know.

- Severance pay and unemployment compensation are taxable. Payments for any accumulated vacation or sick time are also taxable. You should ensure that you make enough estimated payments or have

enough taxes withheld from these payments so that you don't get caught owing at tax time.

- In most cases, withdrawals from your pension plan are taxable unless they are transferred to a qualified plan (such as an IRA). If you are under age 59-1/2, an additional tax may apply to the taxable portion of your pension.
- Certain expenses incurred while looking for a job may

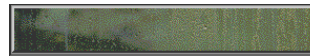
be deductible. Examples of deductible expenses include employment and outplacement agency fees, resume preparation, and travel expenses for job search and interviews.

- Moving costs you incur because of a change in your job location may be deductible. You must meet certain criteria relating to distance moved and timing.

"About the time we can make the ends meet, somebody moves the ends."

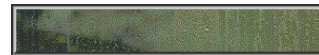
Herbert Hoover

Did You Know...?



- Looks can be deceiving! The **Making Work Pay tax credit** that puts \$400 back into most wage earners' paychecks may end up costing you money at tax time, especially if you or a spouse has more than one job - not an uncommon thing in this day and age. The reduction in withholding of federal income tax by the employer has no way to put the \$400 limit on the reduction, so you may get more than your fair share in your paycheck. At tax time, you will be giving back any money not withheld that surpassed the \$400 limit. So you may want to have some extra

federal withholding taken out of your paycheck to make up the difference.



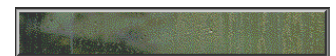
- The **City of Pittsburgh** has eliminated the **Business Privilege Tax for 2010**. The last Business Privilege Tax return was due April 15th, 2009!



- The IRS will never send you an **unsolicited e-mail** about your tax account! If you receive an e-mail that claims to be from the IRS, do not open it and do not click on any attachments. Malicious code in these scam e-mails can act as

a Trojan horse and take over your computer! You can report these scam e-mails to phishing@irs.gov.

- Be aware - the IRS may be the only organization that has been hiring lately. They have added over a hundred auditors to focus on tax cheats!



2010 Standard Mileage Rates:

- 50 cents per mile for business mileage;
- 16.5 cents per mile driven for medical or moving'
- 14 cents per mile driven in service of charitable organizations.



2009 Recovery Act: Residential Energy Credits Modified

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The REEP credit is allowed for qualified expenditures that produce energy for home use, such as for solar energy and fuel cell energy property. The REEP was previously extended through the 2016 tax year, and applies not only to your principal residence, but also to your vacation home. Although the maximum credit for qualified fuel cell property remains unchanged (\$500 for each half kilowatt of capacity), the 2009 Recovery Act removes the maximum credit amounts

for the following qualified property expenditures for tax years beginning after December 31, 2008:

- solar electric (previously capped at \$2,000);
- small wind energy (previously capped at \$500 for each half kilowatt of capacity of wind turbines (not to exceed \$4,000)); and
- geothermal heat pump (previously capped at \$2,000).

Manufacturers must certify that their products meet new standards and they must provide a written statement to the taxpayer such as with the packaging of the product or in a printable format on the manufacturer's website.



Tax Season 2010 is about to begin...

Every year, Dennis Piper & Associates kicks off its new tax season with a client engagement letter and questionnaire.

Some of our clients actually fill out that questionnaire; others, not so much, but this year we would like to encourage you all to fill out the questionnaire. Why? Certainly not to make more work for you, but to facilitate us to prepare the most complete and compliant returns possible.

You have been saving your tax receipts in a shoe box all year. You think you have everything, unfortunately, you may not be aware of all of the changes made by the current administration to tax incentives, credits, and deductions. We can no longer depend on last year's rules.

The questionnaire that you receive will ask you questions that may directly relate to these new or changing regulations. How many

tax payers forget that they made estimated payments? How many tax payers forget in the course of a year that they sold an asset, had parental support to claim, or paid alimony for the first time? Ask yourself, "What kind of deductions am I missing because I couldn't be bothered to look at the questionnaire?"

I'm just saying - now is the time to think about your tax information and how you can proactively increase your deductions and decrease your tax liability.

"Remind people that profit is the difference between revenue and expense. This makes you look smart."

Scott Adams

Dennis Piper & Associates, P.C.

811 Boyd Avenue
Suite 205
Pittsburgh, PA 15238

PHONE:
412-826-8600

FAX:
412-826-8611

E-MAIL:
dpa@dpipeassociates.com

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www.dennispiperassociates.com

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- Retirement Plans
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About Our Organization...

Dennis Piper & Associates is a full-service CPA firm providing accounting, tax, financial, and strategic planning since 1998. We measure our

own success by our clients' dynamic and innovative stories of success, knowing that we have played a key role in helping them achieve their goals.

Dennis Piper & Associates is focused on providing the local service and attention you deserve, delivered by a talented team of professionals.