

More tax news! Seems this a big year to tweak the tax code. Here are some more tibbits.

Midwestern Disaster Area Educational Credits

Portions of the Midwest were declared disaster areas last year. Legislation allows a double credit for educational expenses incurred for attending a school in one of these affected areas. "Attending" includes online classes regardless of your residence. If you or your dependent attend a school in an affected area, you could get an additional 2000\$ in tax credits. Grad school students and those beyond the first 4 years of college do not qualify.

IRS Using State Income Tax Returns to catch non-filers

The IRS has ramped up its compliance efforts aimed at non-filers by procuring key data from state tax returns. Some individuals and businesses who have refunds on their state return will not file a Federal return when there is a balance due or have discrepancies between the data.

New Mexico House Passes Flat Tax Bill Brackets

The New Mexico House of Representatives passed a bill (H.B. 262) on February 17 that would eliminate the personal income tax brackets and replace them with a flat tax rate of 4.9% beginning in 2009. The bill, which has been referred to the Senate Corporations & Transportation Committee, would create a new credit that replaces the standard deduction, personal exemptions, the low and middle-income exemption, the value of graduated tax rates, and the low income comprehensive tax rebate.