

December 2009 News from TravelTax

Before I list the latest news on the tax front, let me wish all of you a fantastic Christmas and New Year. Our office will be closed from the 22nd through the 30th in observance of the holidays.

1) January seminars

The dates, times and locations are set for our annual west coast workshops in Seattle, San Francisco, LA and Phoenix. We will also be in Greenville SC the end of January. Our 2 hour workshops have helped many travelers unravel the confusion about the tax laws as they affect our jobs. Go to our website for more information www.traveltax.com.

2) Post Doctoral Fellows

For our clients that are post-doctoral fellows working for various government agencies, the IRS released a ruling classifying income from a number of non-NRSA (National Research Service Awards) programs as wages subject to FICA (Social Security). Call us for more information if this affects you

3) What does health care reform have to do with the IRS?

Guess who gets to administer it? As the current Senate version stands, the IRS will go on one of the largest hiring binges of their existence to keep up with the new mandates that they will have to enforce.

4) Standard Mileage rates for 2010 were released.

50c per mile for business

16.5c per mile for medical and moving expenses

14c per mile for charity

5) Cash for Caulkers

Congress will debate various measures to give rebates and tax credits to those that renovate or remodel their houses. The current proposals allow up to 12K of relief in one year.

6) RN deducts costs towards MBA

A recent tax court decision overturned an IRS ruling against a RN who deducted the entire costs of her MBA in Healthcare Management. The RN was already functioning in an administrative capacity even though her educational credentials were not sufficient in many facilities to perform the job she held. The fact that she was not qualifying for a new line of work was key.

State News

Illinois- Ruled that an individual that lived in Nigeria but returned regularly to Illinois, kept a bank account and driver's license there was still required to file a IL tax return as a resident

New York – Continuing to enforce the some of the strictest legal and tax domicile laws, the NY Division of Tax Appeals determined that an individual who lived in Connecticut and kept a vacation home in NY was a NY tax resident since they spent more than 183 days working in New York City as a commuter. This case will be appealed.

*** We have maintained in previous newsletters that clients should avoid working more than 183 days AND maintaining a dwelling within NY more than 11 months. In this ruling, simply having a vacation home was sufficient.

Oregon – Oregon residents will soon vote to increase income taxes making their highest marginal rate 11% retroactive to the beginning of 2009. This is one of the highest rates in the nation.

Wisconsin: Reminded residents that Wisconsin does not follow the federal exclusion of tax rebates and the \$30 per month tax free allowances that are allowed to be paid to volunteer firefighters and EMS personnel.

State Tax Amnesty programs:

New York- runs from January 15, 2010 to March 15, 2010 – If you have a vacation home, may want to pay now ☺

Pennsylvania – Begins April 26, 2010 and ends June 18, 2010

That's all for now! See you in 2010 and look forward to serving you again this tax season