

February 2010 News from TravelTax

49 of 50 states have white stuff on the ground which apparently is a record never achieved since these events were recorded. Citizens of Hawaii are inspecting their mountains to be sure it isn't 50 out of 50.

Tax news to note

Federal Taxes

- 1) Banks and brokerages have been given till February 15 to issue 1099's for interest, dividends and stock trades. Be sure you have all of these before sending in your materials.
- 2) If you are taking advantage of the one of the home buyer's credits, you cannot file electronically. A copy of the settlement state must be sent with the return. Oddly enough, the IRS requires this to be signed but most states do not require this summary document to contain a signature. For that matter, the IRS wants the taxpayer to sign the sheet anyway according to a notice issued on February 12 of 2010. Even with this documentation, the IRS will not process returns with home purchase credits until mid February and will not issue the refunds until late March.
<http://www.irs.gov/newsroom/article/0,,id=219241,00.html>
- 3) Required minimum distributions from IRAs and plans resume this year because Congress did not extend the waiver of payouts beyond 2009. Taxpayers who turned 70½ in 2009 needn't take any payout for 2009 by April 1, 2010, but they must take a distribution for 2010 by Dec. 31, 2010.
- 4) As noted in our deduction alert recently, contributions to Haitian earthquake relief operations made between January 11 and March 11 can be deducted on the 2009 tax return.
- 5) IRS Publication 4303 clarifies the confusing rules regarding vehicle donations. One interesting item to note, if you donate a car that the charity sells for less than \$500, you get to deduct \$500 regardless of the proceeds. For travelers working assignments in Hawaii, St Thomas or some of the other island territories, this can be a great way to deduct the costs of a those clunkers you purchase to use during your assignment.
- 6) 2010 promises to be an active year for tax laws. Many of the popular tax breaks enacted during the first Bush administration are set to expire this year and congress will

have to make decisions on keeping them, pairing them back or abandoning them. With an administration committed to higher taxes for all citizens, this is going to be quite a hurdle to jump.

7) If you have not filed your 2006 tax return, do so by April 15 of this year (October 15 if you filed an extension for the 2006 tax year) or you will lose any refunds that you have. Taxpayers have 3 years to file an original return and receive any refunds due to them.

8) A reminder that you do not have to be a traveler to use our services. We have many non- traveling clients and even give discounts on our fees since these are less complicated returns.

9) We posted a staff photo on our website. Since we have never seen many of you in person, we figured it was time you saw what we looked like!

<http://www.traveltax.com/About%20Us/About%20Us%20Home.htm>

10) The 3rd annual Travel Medical Professionals Convention will be held in Las Vegas on Monday September 27 and Tuesday September 28. Look for this newsletter for details and we will have a website with information forthcoming.

State Taxes

1) New Jersey Governor Jon Corzine apparently realizes that taxes are too high (duh). In his final State of the State address he stipulated that property taxes are too high and went on to say that "until we reform our state's antiquated structure for providing local government services, a home-rule system dating back to the 17th century, we're never going to get the job done." He added, however, that there is only so much that can be done without structural reform, meaning constitutional change.

2) Arizona taxes on non residents increase for 2010 as the standard deduction, given in full to anyone who filed a return, will now be prorated between in state income and out of state income for non residents.