

News from TravelTax, Thanksgiving 2009

Happy Thanksgiving!

Lots of Tax news yet again to report

OUR ANNUAL WEST COAST SEMINARS WILL BE ANNOUNCED SHORTLY

We will conduct our travelers workshops in January 2010 in Phoenix, Seattle, Los Angeles and San Francisco. An announcement will come in a special newsletter

2009 TAX REFUNDS WILL BE DOWN AND SOME TAXPAYERS MAY EVEN OWE

The "Making Work Pay" credit that is included on the 2009 tax return but reflected in the withholding tables will potentially lower refunds and cause some to owe tax when filing their return in 2010. During the year, the rates of withholding were adjusted downward to reflect the \$400 per person tax credit passed in the "Making Work Pay" legislation. For those taxpayers working 2 or more jobs simultaneously, the adjustment reflects on both paychecks creating a potential deficit in the taxpayers withholding.

ANOTHER NEW SCHEDULE TO COMPLETE

Non itemizers can still itemize! To do so requires the new Schedule L which will allow the taxpayer to itemize their property taxes, taxes on new car purchases and disaster losses

NEW AUDIT PROJECTS

The IRS is focusing on employee benefits and individual tax returns of railroad employees. Both of these target aspects of returns that are often important to travelers and their agencies.

MILITARY SPOUSES GET SAME TAX RESIDENCE TREATMENT AS ENLISTEE

A member of the military retains the tax residency of the state they were domiciled when they entered the service. For their spouses that joined them, that was not the case. With the new law effective January 1, 2009, military spouses that are present with the service member solely to accompany them as a result of their call to duty are allowed to retain their tax domicile. Even if they take a job, they will only be taxed by their home state of record.

NON ITEMIZERS CAN BENEFIT FROM SALES TAX DEDUCTION ON NEW CARS

But only until the end of the year unless congress extends the provision

WAIT TILL 2010 TO CONVERT IRA'S TO ROTHS

The tax on the conversion can be deferred and spread out over two years if it occurs in 2010

UNTILIZE YOUR STOCK LOSSES NOW BY SELLING ANY GAINS

With the recent rebound in the stock market, some taxpayers have significant gains that they can lock in. Utilizing losses on other securities will take the edge off the tax bill

GAMBLING WINNINGS AND LOSSES CAN BE NETTED PER VISIT

In a recent tax court case, the attorney for the IRS conceded that netting wins and losses per visit rather than an aggregate annual amount is the preferred way to report Gambling proceeds. Gains are not realized until the tokens are cashed in. This can be an important strategy for the casual gambler.

***** STATE NEWS *****

CONNECTICUT AMNESTY PROGRAM

The program runs from October 15, 2009, to December 15, 2009.

NEW YORK TAX AMNESTY

The program will run from January 15 to March 15, 2010.

PENNSYLVANIA TAX AMNESTY

The program will run from April 26 to June 18, 2010

MORE STATES ARE CLAMPING DOWN ON RESIDENCY CLAIMS AND DOING UNILATERAL AUDITS

They are all money hungry!