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Monthly Client Newsletter

Children are heading back to school and fall political campaigns are heating up. Now is a good time to remind us that both can have an impact on our financial well-being.

As always, should you know of someone who may benefit from this information please feel free to forward this newsletter to them.

September 2010

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Back to School

Tax Saving Opportunity?

September is "*back to school*" month and for many families, a time of increased spending. Here are some tax ideas to keep in mind as you and your family prepare for another school year:

Many schools ask for donations of school supplies-- even cleaning supplies and tissues. Instead of simply sending in the supplies with your child, bring the supplies to the principal and formally "donate" them to the school. Ask the principal to sign a receipt or letter formally accepting the donation.

Donate unwanted school supplies from last year-- including backpacks, crayons, and notebooks. You can donate these supplies to your child's school or to a local service organization like the Lions, Rotary, or Kiwanis Club, which often sponsor supply drives. Again, be sure to get a receipt for your donation.

As a reminder for teachers, hang on to your receipts for items you purchase for your classroom. While the \$250 tax credit for teachers from 2009 has not yet been renewed, there is still a

Due This Month:

- ✓ **September 6th:**
Labor Day
- ✓ **September 15th:**
3rd Quarter
Estimated Tax Due
- ✓ **October 1st:**
SIMPLE IRA plan
establishment due



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good chance that it may be renewed and that you will be able to use the receipts for a deduction come tax time!

Time for seasonal clothing donations! While stocking up on new school clothing, go through your child's wardrobe and donate any unwanted or ill-fitting items. Be sure to get a receipt from the charity to which you donate.

Reminder! Home Energy Credits Expire in 2010

Two expanded home energy credits established by The American Recovery and Reinvestment Act (ARRA) are set to expire at the end of 2010. So if you wish to take advantage of the tax savings, you must do so in the next few months.

1

The Residential Energy Property Credit, provides a maximum tax credit of \$1,500 for 30 percent of the cost of all qualifying improvements to your home during 2009 and 2010. The credit applies to improvements such as:



Adding insulation



Installing energy efficient exterior windows



Replacing heating and air conditioning systems with more energy efficient models



2

The Residential Energy Efficient Property Credit, provides a nonrefundable energy tax credit to help individual taxpayers pay for qualified residential alternative energy equipment. The law removes previously imposed maximum amounts and provides for a credit equal to 30 percent of the cost of the qualified equipment. Residential alternative energy equipment covered under the law includes:



Solar water heaters



Geothermal heat pumps



Wind turbines

Not sure whether your intended purchases qualify for the credit? Ask the merchant for a determination or visit the U.S. Department of Energy's Energy Star web site at: www.energystar.gov and click on the "tax credits for energy efficiency button" for more information on the definition of energy efficient products that qualify.



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Closing Deadline Extended for Homebuyer Credit

New date is September 30, 2010



The IRS has extended the deadline for the first-time homebuyer credit, giving eligible taxpayers who contracted to buy a home before the end of April until September 30, 2010 to close the deal. This is a three-month extension from the original, June 30th deadline. As the IRS is wary of fraudulent claims of this credit, make sure you save your documentation and include at least one of the following documents to support your tax claim.

- ✓ A copy of the settlement statement showing all parties' names and signatures if required by local law, property address, sales price, and date of purchase. Normally, this is the properly executed Form HUD-1, Settlement Statement.
- ✓ For mobile home purchasers who are unable to get a settlement statement, retain a copy of the executed retail sales contract showing all parties' names and signatures, property address, purchase price and date of purchase.
- ✓ For a newly constructed home where a settlement statement is not available, retain a copy of the certificate of occupancy showing the owner's name, property address and date of the certificate.

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Small Business Alert: Get Ready for 1099-K Reporting

Beginning in 2011, merchant card processing companies like American Express, Visa, and Mastercard merchant banks will be required to report each businesses' payment transactions to the IRS on the new 1099-K tax form.

What does it mean to you?

- 1** You may receive information from your credit card company within the next 60-90 days requiring record confirmation, without which they may impose a 28% federal backup withholding on any payments they forward to you.
- 2** Make sure your business name with your merchant bank matches the name on file with the IRS, as a mis-match could also create required backup withholding.
- 3** If you have an e-bay or other online business, your credit card transactions may be reported to the IRS at the end of the year. So, if you do not already do so, you may wish to tighten up the reporting of your online activities.
- 4** Certain volume limits may apply, but most companies will probably over-report versus under report activity to the IRS to avoid being non-compliant.



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Which Cell Phone Plan is Best?

Ideas to help make the right decisions

With so many new, cool phones coming out all the time it's easy to get sucked into buying a plan that's not a good fit for you and ends up being a waste of money. How can you become a better cell phone service shopper? Before buying a phone, think realistically about your cell phone habits.



✓ First, review the number of phone minutes you use. Plan to buy at least 10% more minutes than you currently use because going over by even a few minutes can be quite expensive.

✓ Next, look at your phone calls. Do you only make local calls, or do you also make national calls? If you forgo a national plan, you could save up to 25% on your monthly bill. If you travel frequently, make sure you have a national plan so you avoid roaming charges.

✓ Then, consider your data plan needs. Do you want internet access? Want to receive and send emails or

text messages? There are many data plan options available, some being much more affordable than others if your level of use is minimal.

✓ Finally, ask friends and family how they like their plans and phone service coverage. Some companies have terrible service in certain areas.

When you have a good idea of what you're looking for in your service plan, go to an online comparison site like www.myrateplan.com or www.letstalk.com to assist you in finding the plan that best fits your needs.

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As always, should you have any questions or concerns regarding your situation please feel free to call.

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