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“Cents” Able Dollars Newsletter

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In This issue.....AMT Tax.....Labor Day Ideas.....Energy Credit.....Tax Corner

Alternative Minimum Tax:

For the 2009 tax year exemption levels have been raised to \$70,950 for married couples filing jointly. For single and HOH filers this exemption has been raised to \$46,700. For married couples filing separately the exemption for 2009 is \$35,475. Had this change not been made close to an additional 28 million taxpayers might have been added to the list that are required to file an AMT return. This change is expected to continue into the 2010 tax year.

In a ritual more common than Congressional elections, lawmakers are again considering an [exemption](#)

for millions of Americans from the Alternative Minimum Tax [AMT].

Senate Finance Committee Chairman Max Baucus discussed taxes with committee Democrats last week, according to a committee aide. Baucus will “hold a bipartisan members meeting this week to discuss the committee’s agenda for the rest of the year and hear senators’ thoughts on how to handle provisions - like the AMT - that need to be addressed this year,” said the aide.

A spokesperson for the House Ways and Means Committee said only that, “Congress will patch the AMT for 2010,” though he did not provide specifics or timing.

Congress wrote the Alternative Minimum Tax in 1969 to limit [deductions](#)

wealthy Americans took on their income tax. In 1970, 155 Americans paid the AMT. But Congress never accounted for inflation and over the past 40 years the tax has snagged millions of middle-class Americans each year.

Recently, Congress has patched the AMT annually, meaning it passes a one-year exemption for most of the Americans the tax would otherwise hit. Last year, Congress excluded most couples earning a combined \$70,950 and less and individuals making \$46,700 or less from the AMT.

Congress usually passes the AMT patch as an afterthought, though partisanship this year has slowed lawmakers’ progress on even routine measures.

If Congress fails to exclude millions of middle-class taxpayers this year, the Congressional [Budget Office](#) says the tax will take \$102.2 billion from more than 27 million Americans. Of those taxpayers, nearly two thirds will make between \$50,000 and \$100,000 this year. Last year, with a Congressional exemption as part of the stimulus bill, 4.5 million Americans paid \$33.5 billion.

Excluding those taxpayers cost the U.S. Treasury about \$70 billion. Some Democrats want to exempt most middle-class taxpayers for the next decade. Estimates show a 10-year patch would cost about \$660 billion.

Birthday Gifts for ALL. If your birthday falls in the month of September. Email me and arrange to receive your gift.

Energy Credits are about to expire, read below:

HOME ENERGY EFFICIENCY IMPROVEMENT TAX CREDITS

Consumers who purchase and install specific products, such as energy-efficient windows, insulation, doors, roofs, and heating and cooling equipment in existing homes can receive a tax credit for 30% of the cost, up to \$1,500, for improvements "placed in service" starting January 1, 2009, through December 31, 2010. See EnergyStar.gov's [Federal Tax Credits for Energy Efficiency](#) for a complete summary of energy efficiency tax credits available to consumers. 😊

Did you know?... Apples are more efficient than caffeine in keeping people awake in the mornings!..... Dogs and cats, like humans, are either right or left handed... or is that paws?!..... If you counted 24 hours a day, it would take 31,688 years to reach one trillion!..... No piece of square dry paper can be folded more than 7 times in half!..... Every time you lick a stamp, you're consuming 1/10 of a calorie!

Labor Day Ideas:

1. Six Flags America in Largo, MD
2. Massanutten.
3. Cunningham Falls, located near Thurmont, MD
4. Ocean City, Maryland Day Trip
5. Deep Creek Lake near Oakland, Maryland.
6. Assateague State Park on Assateague Island
7. Hershey Park in Hershey, Pennsylvania.
8. Smithsonian Museums.
9. National Harbor in Prince George's County, MD.
10. Old Town Alexandria.

Quote of the month:

A budget tells us what we can't afford, but it doesn't keep us from buying it.
[William Feather](#)



Know These Tax-Cutting Tips

1. Check your retirement balances

That overfunded IRA or pension plan is well worth looking at before the year is over if you're at or approaching retirement age. Review your current medical expenses and other itemized deductions, and your overall taxable income to see if you can withdraw money from those accounts tax-free or at very low tax rates (10% - 15%). This is the time to start reducing those balances if they are very high -- say over \$500,000.

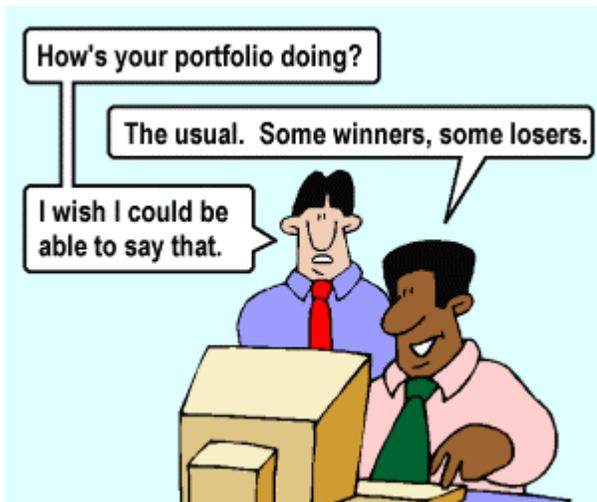
When you're over 59 1/2 there are no early-withdrawal penalties. So people running up expenses far in excess of taxable income, say seniors paying substantial wages or fees for in-home care, may be able to pull money from those retirement accounts without paying taxes on it.

2. Don't buy any mutual funds in December

That's when they post all their capital gains for the year, which you will pay tax on all of even if you only own the fund for a day. Instead, wait until January -- unless you have a lot of capital loss carryover, in which case it's a good idea to buy mutual funds in December.

But don't suspend a periodic investment plan just because it will mean picking up a few shares in December. That may save a few tax dollars, but it could cost you in lost appreciation

Comic Strip:



Services we offer:

- Tax Preparation and Planning
- Accounting
- Payroll
- Estate Planning(Service of the month)
- Trust Tax Returns
- Budgeting
- Retirement Planning

Question of the month: There is only one state whose name is just one syllable. Can you name it? Winner of drawing will win a gift certificate to a local restaurant worth \$50.00.

Service of the month: Year End Planning. Come in today for 50% OFF.

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Inside:

Tax Corner

Labor Day Ideas

AMT Tax

50% OFF Tax Planning

Trivia

Website of the month: www.johnnycarson.com

Win a \$50.00 Gift Certificate

Find the Smiley 😊 Face and win a prize - first one to respond only.



June Calendar of events:

September 24 - Free Java Chat. Space limited. Email brian@chrestcpa.com Must RSVP

October 15 - Free Fridays. Space limited. Email brian@chrestcpa.com Must RSVP

November 15 - Thanksgiving Day Pies pickup week. Email Brian to reserve your PIE!

- ❖ Give me your input. This letter is written for you. If there is a topic of interest, please let me know.
- ❖ Referrals always appreciated. We keep our fees reasonable because we consistently receive referrals from clients like YOU. Keep spreading the good word!