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**September 2009 Newsletter**

**2009 Tax Tip Reminders**

As we have drifted into September, it is time to start seriously thinking about your 2009 tax position and things you can do to make April 15, 2010 a less stressful day. There are some tax credits and incentives that will expire by the end of 2009 that you need to take advantage of now to make sure you get the full benefit afforded by the Department of the Treasury. Some of the more important tax provisions follow below.

**2008 Taxes on Extension**

Final due date for 2008 personal taxes is October 15, 2009. Some procrastinators need to be driven by a final deadline, it is now here. If tax returns are not filed by October 15<sup>th</sup>, you will be treated as not filing a timely return and penalties and interest will be assessed back to the original due date (4/15/09) of the return on any balance owing.

**First Time Homebuyer Tax Credit**

This highly publicized credit of up to \$8,000, which those who qualify typically will get the full amount of the credit, is expiring on November 30<sup>th</sup>. There has been little or no discussion about extending this credit. You must close your real estate transaction by the end date. The other thing to realize about this credit is that it is a slight misnomer as anyone who has not had an ownership interest in real estate for the past three years would qualify, even if they were not a first time homebuyer.

**New Car Sales Tax Credit**

Taxpayers are able to deduct sales taxes paid on a new vehicle, light truck, motor home or motorcycle if purchased before the end of the year. The credit is available on the first \$49,500 of price paid, which means a maximum credit of up to \$3,000-\$3,500 in Vermont this year. There is a high income phase out of this credit. It is available in addition to standard or itemized deductions.

**Real Estate Taxes**

In our state of exceedingly high property taxes, do not forget to let your tax professional know, or pay attention yourself to the fact that you are entitled to deduct up to \$1,000 of real estate taxes on a joint return even if you do not have enough deductions to qualify for itemizing (you take a standard deduction).

**Other Provisions**

The first \$2,400 of unemployment compensation is tax free for 2009. Child care and earned income tax credits have been expanded to give a little more benefit.

There are many other tax changes and adjustments that may impact your tax situation. See your personal tax advisor for how these changes may impact your individual situation.