



# Welcome

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# What We Will Talk About

- A Few Scriptures that make a reference to taxes
- Tax implications of the 2009 American Recovery and Restoration Act
- Filing an Extension
- Making a Partial Payment

# New Testament Tax Collectors

## Matthew was a Tax Collector

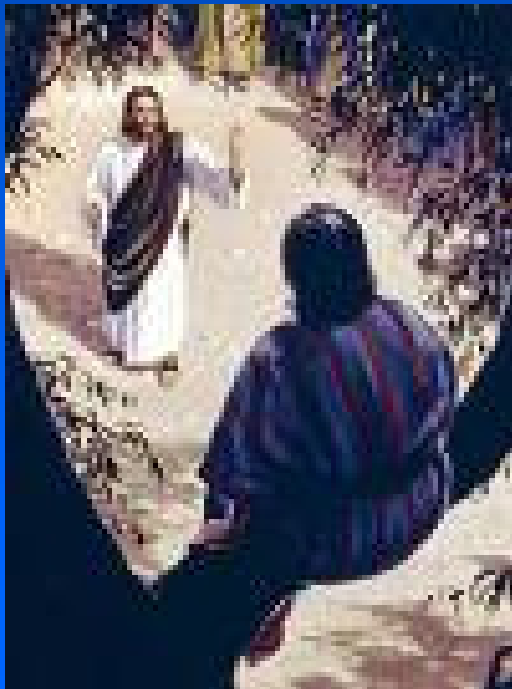
*As Jesus went on from there, he saw a man named Matthew sitting at the tax collector's booth.*

***"Follow me,"** he told him, and Matthew got up and followed him. (Matthew 9:9)*

# New Testament Tax Collectors

## Zacchaeus was a Chief Tax Collector

*Jesus entered Jericho and was passing through. A man was there by the name of Zacchaeus; he was a chief tax collector and was wealthy. (Luke 19:1)*



# Paying Taxes



[www.bibleplaces.com](http://www.bibleplaces.com)

# Paying Taxes

After Jesus and his disciples arrived in Capernaum, **the collectors of the two-drachma tax** came to Peter and asked, "Doesn't your teacher pay the temple tax?" "Yes, he does," he replied.

When Peter came into the house, Jesus was the first to speak. "What do you think, Simon?" he asked. "From whom do the kings of the earth collect duty and taxes--from their own sons or from others?" "From others," Peter answered.

"Then the sons are exempt," Jesus said to him. "But so that we may not offend them, go to the lake and throw out your line. Take the first fish you catch; open its mouth and **you will find a four-drachma coin. Take it and give it to them for my tax and yours.**"



4 Drachma Coin

*Matthew 17:24-27*

# Paying Taxes

Tell us [*Pharisees*] then, what is your opinion? Is it right to pay taxes to Caesar or not?"

But Jesus, knowing their evil intent, said, "You hypocrites, why are you trying to trap me? Show me the coin used for paying the tax." They brought him a denarius, and he asked them, "Whose portrait is this? And whose inscription?"

"Caesar's," they replied.

Then he said to them, "Give to Caesar what is Caesar's, and to God what is God's."



Denarius

*Matthew 22:17-21*



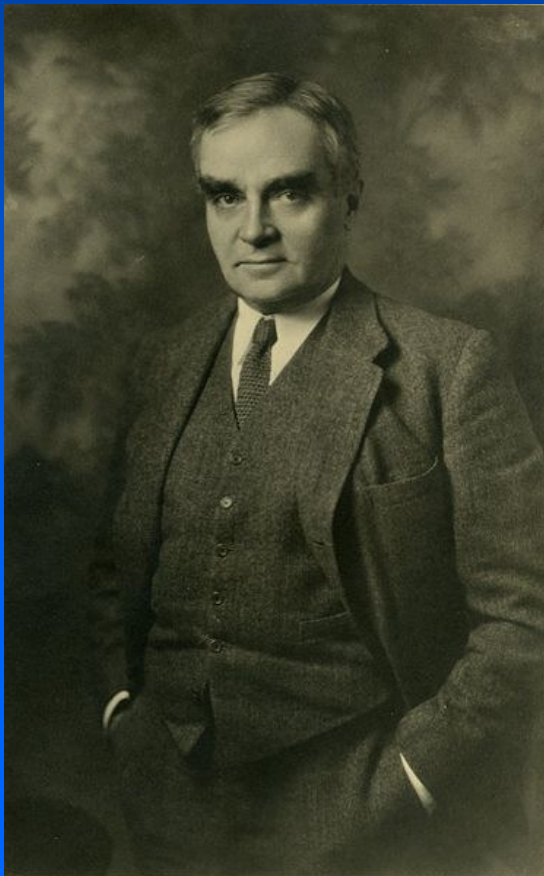
# Paying Taxes

Tax collectors also came to be baptized.  
"Teacher," they asked, "what should we do?"  
"Don't collect any more than you are required to," he told them.

*Luke 3:12-13*



***"Anyone may so arrange his/her affairs that his/her taxes shall be as low as possible"***



***Judge Learned Hand  
US Court of Appeals***

# Tax implications of the 2009 American Recovery and Restoration Act

## References

**IRS.gov:** <http://www.irs.gov/newsroom/article/0,,id=204335,00.html>

**Finance.senate.gov:**

<http://finance.senate.gov/press/Bpress/2009press/prb021209.pdf>

**SocialSecurity.gov**

<http://www.socialsecurity.gov/payment/>

# Sales Tax Deduction on New Vehicle Purchases

- To qualify for the deduction your vehicle must be purchased after **Feb. 16, 2009 and before Jan. 1, 2010**
- The deduction is available regardless of whether a taxpayer itemizes deductions on Schedule A or not.

# Sales Tax Deduction on New Vehicle Purchases

- The deduction is limited to the tax on up to \$49,500 of the purchase price of an eligible motor vehicle.
  - PA (6% Sales Tax) estimated max deduction is \$2,970
  - NJ (7% Sales Tax) estimated max deduction is \$3,465
  - NY (4% Sales Tax) estimated max deduction is \$1,980

# Sales Tax Deduction on New Vehicle Purchases

## **New Vehicle Purchase Phase Out Thresholds**

<b>Joint Filers</b>	<b>Modified Adjusted Gross Income BETWEEN \$250,000 and \$260,000</b>
Other Taxpayers	Modified Adjusted Gross Income BETWEEN \$125,000 and \$135,000

# First \$2,400 of Unemployment Benefits Tax Free for 2009

- Every person who receives unemployment benefits during 2009 is eligible to exclude the first \$2,400 of these benefits when they file their tax return in 2010
- For a married couple, if **both spouses receive unemployment** benefits during 2009, **each may exclude** from income the first \$2,400 of benefits they receive.



# First \$2,400 of Unemployment Benefits Tax Free for 2009

- Unemployed workers who expect to receive more than \$2,400 in benefits this year should consider having tax withheld from their benefit payments in excess of that amount.

# First-Time Homebuyer Credit Expands

- Homebuyers who purchase in 2009 can get a credit of up to \$8,000 with no payback requirement
- The \$8,000 credit is for homes purchased in 2009 **before December 1, 2009**



# First-Time Homebuyer Credit Expands

## First-Time Homebuyer Phase Out Thresholds

Joint Filers	Modified Adjusted Gross Income MORE than \$150,000
Other Taxpayers	Modified Adjusted Gross Income MORE than \$75,000

# American Opportunity [Education] Credit

- The new credit modifies the existing Hope Credit for tax years 2009 and 2010
- It also adds required course materials (i.e., books) to the list of qualifying expenses
- Allows the credit to be claimed for **four** post-secondary education years **instead of two**
- Many of those eligible will qualify for the **maximum annual credit of \$2,500**



# American Opportunity [Education] Credit

Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next \$2,000 of tuition and related expenses paid during the taxable year.

# American Opportunity [Education] Credit

## Examples

Out-Of-Pocket Expense	Credit Value	Credit Amount
\$1,000	100%	\$1,000
\$2,000	100%	\$2,000
\$3,000	\$2,000 + \$250	\$2,250
\$4,000	\$2,000 + \$500	\$2,500
\$5,000	\$2,000 + \$500	\$2,500

# American Opportunity [Education] Credit

**Is the American Opportunity Credit  
Refundable?**

**The Credit is “Partly” Refundable**

# American Opportunity [Education] Credit

## Refund/Owe Example

### Example 1

On your Federal Tax Return you owe \$3,000

And you qualify for \$2,500 (the max credit)

**\$0 of the credit remains**

Your Balance Due **is reduced to \$500**



# American Opportunity [Education] Credit

## Partly Refundable Example

### Example 2

On your Federal Tax Return you owe \$0

And you qualify for \$2,500 (the max credit)

**\$2,500 of the credit remains**

Your **Refund is \$1,000** (40% of \$2,500)

# American Opportunity [Education] Credit

## Partly Refundable Example

### Example 3

On your Federal Tax Return you owe \$500

And you qualify for \$2,500 (the max credit)

**\$2,000 of the credit remains**

Your **Refund is \$800** (40% of \$2,000)

# American Opportunity [Education] Credit

## **American Opportunity Credit Phase Out Thresholds**

<b>Joint Filers</b>	<b>Modified Adjusted Gross Income MORE than \$160,000</b>
Other Taxpayers	Modified Adjusted Gross Income MORE than \$80,000

# \$250 for Social Security Recipients, Veterans and Railroad Retirees

- Individuals who were **NOT** eligible for Social Security, SSI, Veterans, or Railroad Retirement benefits at any time during the months of November 2008, December 2008, or January 2009 are **NOT** eligible for the one-time payment (Answer ID 1758).
- Nearly 55 million Social Security and Supplemental Security Income (SSI) beneficiaries were eligible for this one-time payment of \$250 each.

<http://www.socialsecurity.gov/payment/>

# \$250 for Social Security Recipients, Veterans and Railroad Retirees

- **You should have received your one-time payment by the end of May 2009**
- **You didn't need to do anything to receive this payment**
- Social Security should have sent your one-time economic recovery payment separately from your Social Security or SSI benefit; it was **NOT** included with your monthly benefit payment

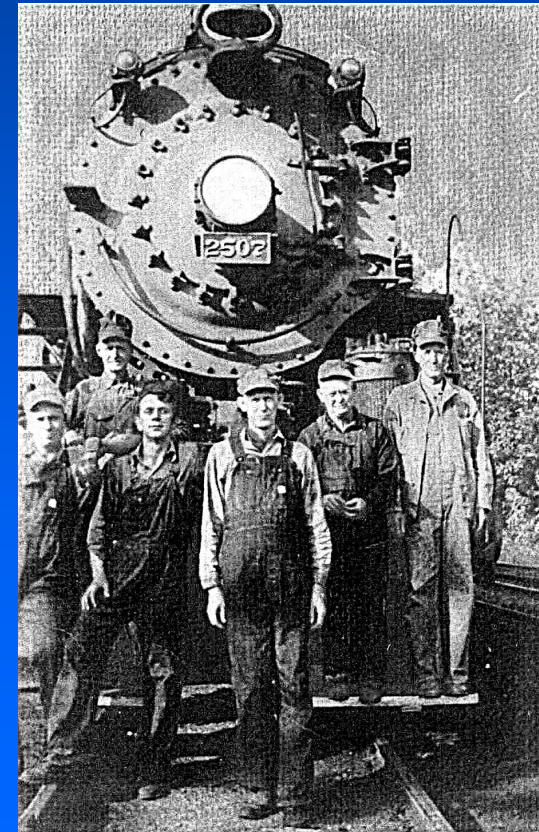
<http://www.socialsecurity.gov/payment/>

# \$250 for Social Security Recipients, Veterans and Railroad Retirees

**Is my \$250 1 Time Payment counted as  
taxable income?**



**No**




# Tax Credits for Energy-Efficient Improvements to Existing Homes

- This credit is for qualified energy efficiency improvements made to your home during the taxable year , for example:
  - Adding Insulation
  - Installing Energy Efficient Windows
  - Energy Efficient Heating/Air Conditioning System
  - Solar Hot Water Heaters
  - Geothermal Heat Pumps
  - Wind Turbines
- The amount of the tax credit was increased to thirty percent (30%) of the amount paid or incurred by the taxpayer for the energy improvement
- The maximum amount of the credit is \$1,500
- The credit is for energy improvements **made in 2009 and 2010**

# Tax Credits for Energy-Efficient Improvements to Existing Homes

## Window Replacement Example



National Fenestration Rating Council®

Soft-Lite®  
Windows  
*Bringing quality to light.*  
**VINYL TRIPLE SLIDER  
IMPERIAL LS**  
Double Glazing.Argon Fill.Low E.Grids

SL-A-30

ENERGY PERFORMANCE RATINGS	
U-Factor (U.S./I-P)	Solar Heat Gain Coefficient
<b>0.29</b>	<b>0.25</b>
ADDITIONAL PERFORMANCE RATINGS	
Visible Transmittance	
<b>0.45</b>	—————

Manufacturer stipulates that these ratings conform to applicable NFRC procedures for determining window product performance. NFRC ratings are determined for a fixed set of environmental conditions and a specific product size. NFRC does not recommend any product and does not warrant the suitability of any product for any specific use. Consult manufacturer's literature for other product performance information.

www.nfrc.org  
**604471.050**

This is a sticker from an energy efficient window that could be used to substantiate the Energy Efficient Tax Credit.



# Plug-in Electric Drive Vehicle Credit

- This credit is for each qualified plug-in electric drive vehicle placed in service during the taxable year
- **The base amount of the credit is \$2,500**
- The credit is reduced after the manufacturer records its 200,000th sale

*Note: Does NOT apply to Golf Carts*



# The Making Work Pay Tax Credit

In February 2009 the IRS issued updated withholding tables to employers so they could implement withholding adjustments required by the American Recovery and Reinvestment Act of 2009.

Most wage earners should have received a larger paycheck as a result of the changes made to the federal income tax withholding tables.

Self-employed taxpayers can claim the Making Work Pay credit on their 2009 return filed in 2010.

# The Making Work Pay Tax Credit

- A refundable tax credit of up to **\$400 for working individuals**
- A refundable tax credit of up to **\$800 for married taxpayers filing joint returns**
- This credit is for 2009 and 2010

# The Making Work Pay Tax Credit

There are situations that may **cause some taxpayers to receive more** than the \$400 or \$800 credit.

In these cases, taxpayers may owe money or receive a “smaller than expected” refund with their 2009 federal tax return.

# The Making Work Pay Tax Credit

- Situations that may cause taxpayers to owe money or receive a smaller refund include:
  - Anyone who holds more than one job
  - Married couples with 2 incomes
  - Dependents
  - Some Social Security recipients who work
  - Pension recipient- People who receive pensions should check their withholding- the new withholding tables may be used to figure your pension payments -- **but the new credit is only available on earned income** and pension checks aren't counted as earned income.

# The Making Work Pay Tax Credit

## ➤ MAY 2009 UPDATE FOR PENSION RECIPIENTS (RIA 5/15/2009)

- IR-2009-50: IRS has released a new optional procedure for adjusting withholding on pensions. The new procedure allows pension payors to increase withholding so that individuals receiving pensions will not be underwithheld as can be the case under new withholding tables IRS released earlier in the year to reflect the Making Work Pay Credit (MWPC).
- Procedure is optional. Pension payors are NOT required to use the new procedure. They may continue to use only the February 2009 withholding tables.

# The Making Work Pay Tax Credit IRS Withholding Calculator



The screenshot shows the IRS.gov logo at the top left. Below it is the heading "General Information". The first question is "What filing status will you use on your 2009 Income Tax Return?". There are five radio button options: "Single", "Married filing joint return", "Married filing separate return", "Head of Household", and "Qualifying widow(er)". The second question is "Can someone else claim you as a dependent on his or her tax return?". There are two radio button options: "Yes" and "No". At the bottom of the form are two buttons: "Continue" and "Reset".

## You'll Need:

- 1) Previous Year Tax Return
- 2) Most recent Pay Stubs

<http://www.irs.gov/individuals/page/0,,id=14806,00.html>





# I Need More Time To Complete My Return File An Extension

- File Form 4868, Application for Automatic Extension of Time to File U.S. Individual Income Tax Return, with the IRS by the April deadline (Tax Preparers can usually file this request for you over the internet)
- The extension will give you extra time (6 Months) to get your paperwork to the IRS, but it does not extend the time you have to pay any tax due
- You will owe interest on any amounts not paid by the April deadline, plus a late payment penalty if you have paid less than 90 percent of your total tax by that date

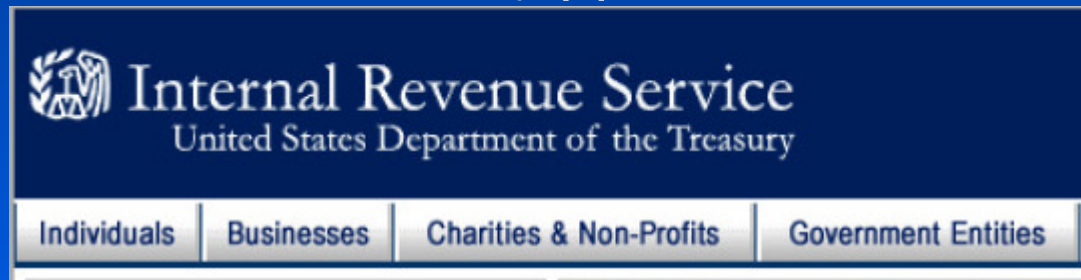
# My Return Is Complete But I Can Only Make a Partial Payment

- If your return is completed but you are unable to pay the full amount of tax due, do NOT request an extension
  - File your return on time and pay as much as you can
  - The IRS will send you a bill or notice for the balance due

# Apply Online For A Payment Agreement

Navigate to [www.irs.gov](http://www.irs.gov)

Select Individuals (upper left hand corner)



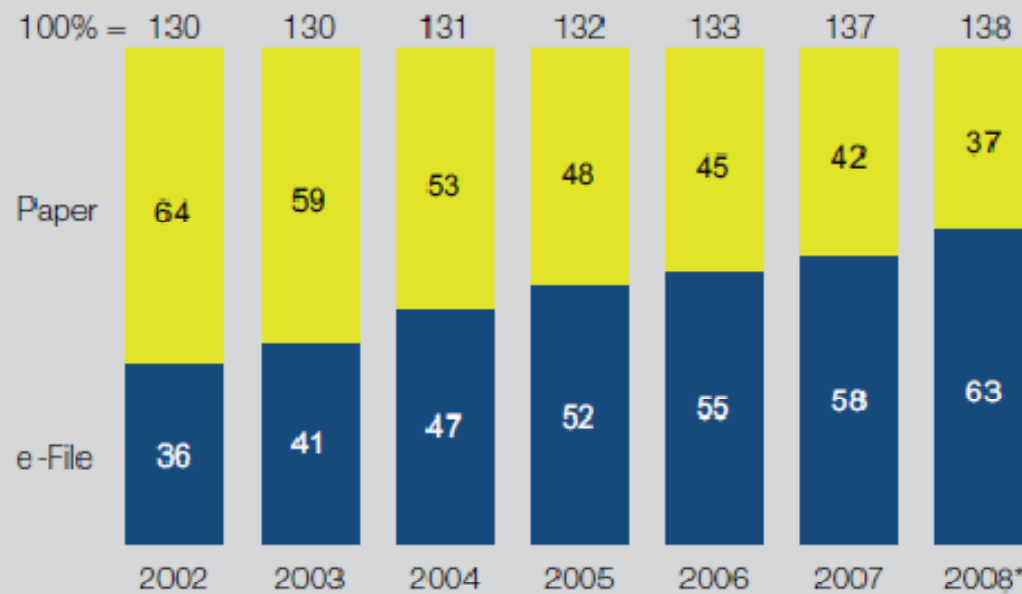
Scroll down until you see

## Online Payment Agreement (OPA) Application

The Online Payment Agreement (OPA) is an interactive tool to apply and receive online approval for a short-term extension of time to pay or a monthly installment agreement.

# eFILE Trend

Individual tax returns (O/A/EZ) filed annually  
Percent; millions



\* Estimated;  
excludes effects of  
2008 ESP

Source: IRS Master  
File, ETA Web  
site, Document:  
6282 (2003-2008),  
and Preliminary  
Document 6187  
(spring 2008 update)

Reference: IRS Strategic Plan 2009–2013; April 2009

Thank You  
For Your  
Attention

