

TAX & FINANCIAL NEWS

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Tax Season Edition - Summary Of 2010 New Tax Laws

Your Rights As A Taxpayer



You have the right to be treated fairly, professionally, promptly, and courteously by Internal Revenue Service employees. The IRS is meant to protect your rights so that you will have the highest confidence in the integrity, efficiency, and fairness of the tax system.

Tax Credit For Homeowners

If you signed a binding contract to buy a house by April 30, 2010, and closed on it by September 30, 2010, you may be eligible for a tax credit.

If you were an existing homeowner you may be eligible to receive a tax credit of up to \$6,500. To be eligible, you must have lived in the same principal residence for any five-consecutive-year period during the past eight years. If you are a first-time home buyer, you can qualify for a tax credit of up to \$8,000. To be eligible, you must not have owned a residence in the United States in the previous three years.

The new tax laws offer the potential for millions of Americans to save hundreds or thousands of dollars in taxes each year. Many of these benefits won't accrue automatically. To take the maximum advantage of the law, many individuals will need to adopt some new financial strategies.

As with many other deductions and credits your income may prevent you from claiming the credit.

Tax Cheat Sentenced To Deliver Pizzas

On October 19, 2010, the Buffalo News had a great story about a pizza man who was convicted of tax evasion for not paying more than \$100,000 in sales tax to the State of New York. The judge sentenced the pizza man and owner of a local pizzeria to deliver 12 pizzas every Tuesday for a year to the City Mission, a local homeless shelter. State Supreme

Court Justice Russell P. Buscaglia could have sentenced the pizza man to jail for seven years. "With so many people out of work in the area, the pizza penalty would be a way to help the community's neediest in a very direct manner," said the Judge.

Standard Deductions

For 2010, the standard deduction for married taxpayers filing a joint return is \$11,400. For single is \$5,700 and for heads of household is \$8,400.

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Tax Credit for College Tuition

For 2010, the Hope credit is called the American Opportunity Credit. It provides a credit of up to \$2,500 per student per year for four years of college and it also covers the cost of books. The phase out begins at \$80,000 of Adjusted Gross Income for single filers and \$160,000 for joint filers. If

you are not eligible for the credit, you may be able to deduct up to \$4,000 of college tuition and fees.

College Savings Plans

Withdrawals from 529 College Savings Plans can now be made tax-free to pay for a computer or Internet access.

Child Tax Credit

If the credit exceeds your tax liability, all or part of the credit may be refunded to you.

Educators' Deduction

You can deduct up to \$250 of any unreimbursed expenses you paid or incurred for books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that you use in the classroom.

Residential Home Energy Credit

For 2010 the tax credit for the cost of energy-saving home improvements is up to a maximum of \$1,500. It applies to qualified insulation, windows, outside doors, biomass fuel stoves and high-efficiency furnaces, water heaters and central air conditioners.

Sales Tax On New Vehicles

In 2010, sales tax paid on new vehicles are no longer deductible, unless you itemize and elect to deduct sales taxes instead of state income taxes.

Converting a Second Home to a Primary Home

If you convert a second home into a principal residence, you may not be able to exclude all of your gain. A portion of the

gain on a subsequent sale of the home will be ineligible for the home-sale exclusion of up to \$500,000, even if the seller meets the two-year ownership-and-use tests.



Estate Tax Repealed

The federal estate tax was eliminated for estates of individuals who die in 2010.

Why Use A Tax Professional

Income Tax Laws are constantly changing, and the transition from one set of rules to another requires caution on the part of taxpayers as they try to apply the latest rules to their individual situation. Tax return preparation is the primary reason why many individuals turn to a tax professional for assistance one or more times a year. It is also one of the main reasons why many small businesses retain an independent accountant to supplement such important services as record keeping, financial strategies and financial statement preparation.

Who Do You Choose

If you have recently moved, purchased a home or refinanced your mortgage, chances are that this year your taxes may be more complicated than in the past. Finding an experienced and professional tax practitioner and financial planner is not an easy task. Many factors must be considered when finding your tax professional, including qualifications, experience and reputation.

WARNING: State laws do not follow the federal rules. In New Jersey the exemption is \$675,000 and in New York is \$1,000,000.

Annual Gift Tax Exemption

For 2010, you can give any individual up to \$13,000 without filing any gift tax return.

Tax Rate On Capital Gains

For 2010 the long term capital gains tax rate remains at zero percent for people in the 10% or 15% tax brackets. The 15 percent maximum tax rate on long-term capital gains for taxpayers in higher brackets also remains the same.

Tax-Free Parking for Employees

Employers can pay for \$230 a month of parking tax-free for employees. The cap on tax-free transit is also \$230 a month.

Alternative Minimum Tax

For 2010, the exemption levels drop to \$45,000 for married filing



jointly, \$33,750 for singles and heads of household, and \$22,500 for married couples filing separately.

Unemployment Benefits

For 2010, the first \$2,400 of unemployment benefits you receive is no longer tax-free.

It's Never Too Early To Begin To Save For Your Retirement

Deductible IRAs and Roth IRAs

If you are covered by a retirement plan at work, you can take a full IRA deduction in 2010 if your modified Adjusted Gross Income is less than \$109,000 (married filing jointly) or \$66,000 (single or head of household). Also, Roth IRA contributions are now phased out as your modified Adjusted Gross Income rises between \$166,000 and \$176,000 if you are married filing jointly, or \$105,000 to \$120,000 if you are single or a head of household.

Roth IRA Conversions

Starting in 2010 and regardless of income, individuals may convert a traditional IRA to a Roth IRA. Conversions are fully taxable at your regular tax rate. For conversions in 2010, taxpayers can spread the tax due over two years.

Contributions to 401(k) Plans

The maximum 401(k) contribution for 2010 is \$16,500. Workers age 50 and older in 2010 can put in an additional \$5,500, making their maximum \$22,000.

Solo 401(k) and Simple IRA Contributions

If you are self employed you may contribute up to 20% of your net business income or \$49,000 whichever is less. If you are over 50 the maximum is \$54,500. The contribution limit for Simple IRAs is \$11,500 and if you are over 50 years old the maximum is \$14,000.

Donations of IRAs To Charity

If you are age 70½ or older you may donate, tax free, part of your IRA to charity.



What sets us apart from the rest?

The CSI Tax Group is comprised of a team of professionals with decades of experience such as:

- Certified Public Accountants
- (IRS) Enrolled Agents
- Certified Estate Planners
- Certified Fraud Examiners
- Registered Investment Advisors
- Registered Financial Planners
- Licensed Real Estate Brokers
- Licensed Insurance Brokers
- Licensed Mortgage Brokers
- Licensed Title Insurance Agents
- Licensed Stock Brokers
- Licensed Real Estate Instructors
- Tax Attorneys*

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Not all members have these licenses or certifications

The CSI Group Tax & Estate Planning Team



Peter J. Greco, Ph.D., MST, CPA

Peter J. Greco began his career in 1968 working for a New York City Law Firm specializing in criminal tax cases. He now manages the CSI Group's tax litigation and estate/wealth management department. Peter holds a Ph.D. in taxation as well as a Masters of Science in Taxation. He also holds licenses as an (IRS) Enrolled Agent, Certified Estate Planner, Certified Fraud Examiner, Certified Public Accountant, Real Estate Broker, Life Insurance Producer, Stock Broker, Registered Financial Planner, Mortgage Broker and Real Estate Instructor. He is the director of the CSI School of Business where he also instructs real estate classes and continuing education credits to Certified Public Accountants in New York and New Jersey and IRS-Enrolled Agents nationwide. He has written extensively on estate matters and has authored and co-authored many books that deal with taxes, estate planning, financial planning and real estate matters.



Joseph A. Greco, CPA, CFE

Joseph A. Greco received commendable achievements at a very early age. He is a second generation CPA and was one of the youngest CPAs in the nation while also holding many other professional licenses. He is a graduate of the Lubin School of Business at Pace University in New York City where he obtained a B.B.A. in accounting. He holds licenses as a Certified Public Accountant, Certified Fraud Examiner, Stock Broker, Real Estate Agent and Life/Health Insurance Producer.



Robert M. Greco, Esq., CPA, CFE

Robert is a graduate of Monmouth University where he obtained a bachelor of science in accounting. He received his law degree from Touro Law and is admitted to practice law in the Supreme Court of New Jersey. He expects to be receiving his Masters of Law in Taxation in the spring of 2011. Robert also holds licenses as a Certified Public Accountant, Certified Fraud Examiner, Life/Health Insurance Producer, Real Estate Agent and Title Insurance Agent.



**James P. Greco
Registered Investment Advisor**

James is licensed as an Insurance Producer and Real Estate Agent. He also holds his Series 65 license (Registered Investment Advisor). James is a CPA candidate and he is completing his studies at Monmouth University.



John M. Dalton, Esq.

John M. Dalton has been a practicing attorney since 1981 and he is licensed to practice law in New York. Previously he was the Director of Trading Analysis at the American Stock Exchange. He is often engaged as a Securities lecturer and is the author of "How the Stock Market Works", a text that has received critical acclaim.



Alessandro F. Marra, Esq.

Alex Marra attended St. John's University where he received a B.A. degree in Public Administration and Public Service and graduated Summa Cum Laude. He received his law degree from St. John's University School of Law where he was the recipient of the St. Thomas More Institute for Legal Research Tuition Scholarship and a member of the editorial board of the prestigious St. John's Law Review. Upon graduation, Alex joined a Wall Street law firm until 1986 when he established his general law practice. He is licensed to practice law in New York, New Jersey and Florida.



Jack A. Tinari, CPA, CFE

Jack Tinari began his career as a teenager working for his father in their Red Bank location. Jack brings more than 20 years of experience to the firm. Prior to joining CSI Group, Jack was a managing partner of The Tinari Group, a tax and financial firm based in Red Bank, New Jersey. He holds licenses as a Certified Public Accountant, Certified Fraud Examiner, Real Estate Agent, Life Insurance Producer, Property and Casualty Insurance Agent and Title Insurance Producer. Jack attended Montclair State University where he received a degree in Political Science/Pre-Law.



**Martin W. Harper
(IRS) Enrolled Agent**

Marty brings 35 years of experience to the CSI Group. Prior to joining the CSI Group, Marty was the director of Harper and Associates, a Registered Financial Firm in Hicksville, New York. As an Enrolled Agent, Marty is empowered by Act of Congress to represent clients at all administrative levels of the IRS.