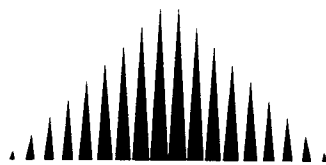


As the 2010 tax season is fast approaching, we are taking appointments for December 2009 for pre-tax planning!

Please call today to book your appointment!

770-920-2890



## T. Dennis Connally Consultant, P.C. Certified Public Accountant

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### DECEMBER 2009

#### Word of the Month

**Hubris** \hyoo-bris\ , noun;

1. Excessive pride or self-confidence; arrogance

#### Interesting Facts

- If you yelled for 8 years, 7 months and six days, you would have produced enough sound energy to heat up one cup of coffee.
- The strongest muscle in the body is the tongue.
- Polar bears are left-handed.
- The first product to have a bar code was Wrigley's gum.
- You burn more calories sleeping than you do watching television.

#### **First-Time Homebuyer Credit Extended to April 30, 2010; Some Current Homeowners Now Also Qualify**

WASHINGTON — A new law that went into effect Nov. 6 extends the first-time homebuyer credit five months and expands the eligibility requirements for purchasers.

The Worker, Homeownership, and Business Assistance Act of 2009 extends the deadline for qualifying home purchases from Nov. 30, 2009, to April 30, 2010. Additionally, if a buyer enters into a binding contract by April 30, 2010, the buyer has until June 30, 2010, to settle on the purchase.

The maximum credit amount remains at \$8,000 for a first-

time homebuyer — that is, a buyer who has not owned a primary residence during the three years up to the date of purchase.

But the new law also provides a “long-time resident” credit of up to \$6,500 to others who do not qualify as “first-time homebuyers.” To qualify this way, a buyer must have owned and used the same home as a principal or primary residence for at least five consecutive years of the eight-year period ending on the date of purchase of a new home as a primary residence. For all qualifying purchases in 2010, taxpayers have the op-

tion of claiming the credit on either their 2009 or 2010 tax returns.

A new version of Form 5405, First-Time Homebuyer Credit, will be available in the next few weeks. A taxpayer who purchases a home after Nov. 6 must use this new version of the form to claim the credit. Likewise, taxpayers claiming the credit on their 2009 returns, no matter when the house was purchased, must also use the new version of Form 5405. Taxpayers who claim the credit on their 2009 tax return will not be able to file electronically but instead will need to file a paper return.

A taxpayer who purchased a home on or before Nov. 6 and chooses to claim the credit on an original or amended 2008 return may continue to use the current version of Form 5405.

### **Income Limits Rise**

The new law raises the income limits for people who purchase homes after Nov. 6. The full credit will be available to taxpayers with modified adjusted gross incomes (MAGI) up to \$125,000, or \$225,000 for joint filers. Those with MAGI between \$125,000 and \$145,000, or \$225,000 and \$245,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

For homes purchased prior to Nov. 7, 2009, existing MAGI limits remain in place. The full credit is available to taxpayers with MAGI up to \$75,000, or \$150,000 for joint filers. Those with MAGI between \$75,000 and \$95,000, or \$150,000 and \$170,000 for joint filers, are eligible for a reduced credit. Those with higher incomes do not qualify.

### **New Requirements**

Several new restrictions on purchases that occur after Nov. 6 go into effect with the new law:

- Dependents are not eligible to claim the credit.
- No credit is available if the purchase price of a home is more than \$800,000.
- A purchaser must be at least 18 years of age on the date of pur-

chase.

### **For Members of the Military**

Members of the Armed Forces and certain federal employees serving outside the U.S. have an extra year to buy a principal residence in the U.S. and still qualify for the credit. An eligible taxpayer must buy or enter into a binding contract to buy a home by April 30, 2011, and settle on the purchase by June 30, 2011.

For more details on the credit, visit the First-Time Homebuyer Credit page on IRS.gov.

### **IRS Seeks to Return \$123.5 Million in Undeliverable Refunds to Taxpayers**

WASHINGTON — The Internal Revenue Service is looking for taxpayers who are due to receive a combined \$123.5 million in the form of 107,831 refund checks that were returned to the IRS by the U.S. Postal Service due to mailing address errors.

"We are eager to get this money into the hands of taxpayers, so don't delay if you think you are missing a refund," said IRS Commissioner Doug Shulman. "The sooner you update your address information, the quicker you can get your refund."

All a taxpayer has to do is update his or her address once. The IRS will then send out all checks due. Undeliverable refund checks average \$1,148 this year,

compared to \$990 last year. Some taxpayers are due more than one check.

Average undeliverable refunds rose by 16 percent this year, which is in line with the 16 percent rise in average refunds for all tax returns in the latest filing season. Several changes in tax law likely played a role in boosting refunds, including the First-Time Homebuyer's Credit and the Recovery Rebate Credit, among others.

The vast majority of checks mailed out by the IRS each year reach their rightful owner. Only a very small percent are returned by the U.S. Postal Service as undeliverable.

If a refund check is returned to the IRS as undeliverable, taxpayers can generally update their addresses with the "Where's My Refund?" tool on IRS.gov. The tool enables taxpayers to check the status of their refunds. A taxpayer must submit his or her social security number, filing status and amount of refund shown on their 2008 return. The tool will provide the status of their refund and in some cases provide instructions on how to resolve delivery problems.

Taxpayers checking on a refund over the phone will be given instructions on how to update their addresses. Taxpayers can access a telephone version of "Where's My Refund?" by calling 1-800-829-1954.

The IRS encourages taxpayers to choose direct deposit when they file their returns because it puts an end to lost, stolen or undeliverable checks. Taxpayers can receive refunds directly into personal checking or savings