



Dollars & Sense



Pam Schoelles, EA

Well, tax season will begin on time after all. January 11th is the first day to e-file most tax returns. Please read the article on the back to see if you file any forms that will not be accepted on January 11th.

Need help getting organized for tax season? Feel free to visit our website at schoell-estax.com to print yourself a tax organizer. It can help you gather and sort your paperwork so that you can have a happy tax preparer!!

Quote of the Month:

The real voyage of discovery consists not in seeking new landscapes but in having new eyes.

-Marcel Proust

Top Ten Ways To Save Tax Dollars

The National Association of Tax Professionals compiled the following list to check out before bringing your information to your tax preparer so you don't miss any opportunities to save:

- 1) **Earned Income Tax Credit (EITC)** – This credit applies to low-income, employed individuals and families. The credit is based on income and family size, and if the EITC amount exceeds the owed amount, it may result in a refund for those who qualify.
- 2) **Child and Dependent Care Credit** – This credit is for care expenses for children under age 13 or for a disabled spouse or dependent, so that a taxpayer can go to work. It is subject to limitations.
- 3) **Child Tax Credit** – The maximum amount of this credit is \$1,000 for each qualifying child under age 17 and can be used in combination with the Child and Dependent Care Credit.
- 4) **Adoption Credit** – If you are an adoptive parent, you may be eligible for a credit of up to \$11,390 in 2007 of qualifying expenses for a qualifying child. For special needs children, you do not need to meet the qualifying expense criteria.
- 5) **Educator Expense Deduction** – Those who are employed as educators through grade 12 and teach at least 900 hours in a year may receive a deduction for up to \$250 for unreimbursed expenses used for the sake of the children. This deduction is only good until December 31, 2007.
- 6) **Education Credits** – Two credits are available for those who pay higher education costs – the Hope Credit and the Lifetime Learning Credit. The Hope is for payment of the first two years of tuition for eligible students you claim on your tax return, and Lifetime Learning is for all post-secondary education tuition for an unlimited number of years. Taxpayers cannot claim both credits for the same student in one tax year, and the credit can be claimed only on the return declaring the student as a dependent.
- 7) **Medical and Dental Deductions** – Qualified expenses for all of your claimed dependents (including any dependents deceased during the tax year) count toward your eligible deduction. Eligible expenses include insurance premiums, uninsured medical expenses, treatments not covered by insurance, travel for medical care, medically necessary equipment, and more.
- 8) **Health Coverage Tax Credit** – This new tax credit can pay up to two-thirds of health plan premiums for individuals who lost their jobs due to the effects of international trade and meet certain criteria, and those who receive benefits from the Pension Benefit Guaranty Corporation (PBGC) and are at least 55 years old.
- 9) **Credit for the Elderly and Disabled** – If you are a U.S. citizen or resident age 65 or older, and retired on permanent and total disability, look into this credit.
- 10) **Retirement Savings Contribution Credit** – For those with qualified retirement savings contributions including traditional IRAs, Roth IRAs, SEPs, or SIMPLE plans, a percentage of contributions may help you save on your taxes. Taxpayers who are at least age 18 at year-end, not a student or claimed on someone else's tax return as a dependent, are eligible for this credit if income is below a specified amount. FY1, you can still contribute to an IRA for 2007 up until April 15, 2008.

2008 E-Filing

Good News! Congress passed the Alternative Minimum Tax patch, and IRS is reprogramming their computer systems. The January 11 date to begin e-filing is good for all returns except those containing the following forms:

Form 5695
Form 8396
Form 8859
Form 8863
Form 1040A
Schedule 2

Residential Energy Credits
Mortgage Interest Credit
District of Columbia First-Time Homebuyer Credit
Education Credits
Child and Dependent Care Expenses

(Please note, dependent care expenses can be filed on Form 1040 by attaching form 2441. These will be accepted January 11th.)

IRS has advised that these forms will probably be accepted beginning mid-February. IRS will allow preparers to complete and hold tax returns containing one or more of the above forms until the IRS can accept them as long as the taxpayers have been advised the returns will not be e-filed until IRS can accept them.

**Bring In This Newsletter
For A \$15.00
Discount On TAX Prep.**

Offer valid January 11th
through February 15th 2008.