



2011 Tax Tips and Reminders



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We hope you read this brief overview of the 2011 tax changes that will have an impact on your personal tax returns. We have some ideas about how to benefit from these provisions that could not be covered in this article. So if you would like to review your situation, please contact us. I'd love to discuss how to implement a plan to reduce your tax liability. I hope to hear from you soon.

Quote of the Month:

Discovery consists of seeing what everybody has seen and thinking what nobody has thought.

-Albert Szent-Gyorgi

The following are some highlights of the tax bills passed in 2010 and their impact on your 2011 tax situation:

Extenders:

- 1) Election to claim itemized deduction for state/local sales taxes
- 2) Donation of \$100,000 of required minimum distributions from IRA is tax free
- 3) Mortgage insurance premiums are interest deduction on Schedule A
- 4) Teachers' out-of-pocket classroom expenses deductible up to \$250
- 5) No personal exemption phase-out for high income taxpayers
- 6) No overall limitation on itemized deductions
- 7) Student Loan interest deduction of up to \$2,500

Credits:

- 1) Child Tax - Up to \$1,000 per child calculated on a minimum of \$3,000 of earned income
- 2) Dependent care - maximum is \$1,050 or one child or \$2,100 for two or more
- 3) Earned Income Tax – simplified and phase-outs increased
- 4) Adoption – refundable
- 5) Non-business energy property – for improvements to personal resi-

dence with new limits

- 6) American Opportunity Tax – available or using Qualified Tuition Deduction is an option

Tax Rates: remain the same

Qualified Dividends, Capital Gains and Losses:

- 1) 0% and 15% capital gain rates extended
- 2) 0% and 15% rates on qualified dividend income of non-corporate taxpayers

Payroll Tax Relief:

- 1) Employee's share of social security tax is 4.2% instead of 6.2%
- 2) Self-employed individual's social security tax rate (SE Tax) is 10.4% instead of 12.4%

Depreciation:

Bonus depreciation of 100% on property purchased and placed in service before January 1, 2012 is available with no limit on total claimed, not affected by short tax year, can elect out, can create a net operating loss, and no income thresholds.

Schedule a consultation with Pam today-pam@schoellestax.com

Now's the time to plan!