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**NEWSLETTER**  
**OCTOBER 2010**

**YEAR-END TAX PLANNING**

Now is the time to schedule your year-end tax planning with your accountant. This affords you the opportunity to implement any plans that may impact your 2010 tax liability. For example, selling the stock that has fallen in price to offset any stock sold at a gain. Or make sure your estimated tax payments are sufficient to avoid estimated tax penalties. And, if you are contemplating making substantial gifts to your children, now may be a good time to do so since the gift tax rate next year will increase to 55 percent.

**EXTENDED INCOME TAX RETURNS**

October 15, 2010 is the last day to file your individual income tax returns. We are finding that of those that were extended and are now being filed, several have taxes due. That, unfortunately, means The IRS and Indiana will assess penalties for failure to pay the tax back on April 15, 2010.

**FEDERAL TAX CREDITS FOR CONSUMER ENERGY EFFICIENCY**

If you purchase an energy-efficient product or renewable energy system for your home, you may be eligible for a federal tax credit. But these products and systems must be to an existing home which is your principal residence. New construction and rentals **do not** qualify. Some examples include biomass stoves, heating, ventilating, air conditioning, insulation, roofs (metal & asphalt), water heaters (non-solar) and windows & doors. The credit is 30% of the cost up to \$1,500. You should also note that not all Energy Star qualified products qualify for the tax credit. So verify before you buy.

For existing homes (both principal residences and second homes, but not rentals) and new construction installing geothermal heat pumps, small wind turbines (residential) and solar energy systems qualify for a credit of 30% of their cost with no upper limit.

**THIRD QUARTER IRS AND INDIANA PAYROLL REPORTS DUE**

Please forward all government payroll forms to our office immediately. Also verify Social Security numbers for all employees.

**THE AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009**

ARRA was signed into law by President Obama on February 17, 2009. The law is intended to provide a stimulus to the U.S. economy in the wake of the economic downturn. The law includes federal tax cuts, expansion of unemployment benefits and other social provisions, including domestic spending in education, health care, and infrastructure, including the energy sector.

***IF YOU LIKE OUR SERVICE, TELL OTHERS. IF YOU DON'T, TELL US.***

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