FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS

- NEWS RELEASE -

FOR IMMEDIATE RELEASE

Some Key Things You Need to Know When Filing Your 2010 Taxes

EDWARDSVILLE, IL, February 8. 2011 - Vicki Rolens, Managing Director of the Federation of American Consumers (FACT), has published some key changes which could impact the taxpayer when filing his or her 2010 Form 1040.

(1) *Roth IRA rollovers*. These are no longer restricted. You can now make a qualified rollover contribution to a Roth IRA, regardless of the amount of your modified adjusted gross income.

(2) *Income from Roth rollover.* This can be spread out. Half of any income that results from a rollover or conversion to a Roth IRA from another retirement plan in 2010 is included in income in 2011, and the other half in 2012, unless you elect to include all of it in 2010.

(3) *Self-employed health insurance deduction.* Effective March 30, 2010, a self-employed person who paid for health insurance may be able to include in his self-employed health insurance deduction any premiums he paid to cover his child who was under age 27 at the end of 2010, even if the child was not his dependent. Also, health insurance costs for a taxpayer and his family are deductible in computing 2010 self-employment tax.

(4) *Small business health insurance credit.* There's a new tax credit for an eligible small employer who makes qualifying contributions to buy health insurance for his employees. This credit is very complex but it can yield substantial tax savings. In general, the credit is 35% of premiums paid and can be taken against regular and alternative minimum tax.

(5) *Limits on personal exemptions and itemized deductions ended.* You no longer lose part of your deduction for personal exemptions and itemized deductions, regardless of the amount of your adjusted gross income.

(6) *Personal casualty and theft loss limit reduced.* Each personal casualty or theft loss is limited to the excess of the loss over $100 (instead of the $500 limit that applied for 2009). This yields larger deductions and thus greater tax savings for affected individuals.

(7) *Homebuyer credit.* An eligible first-time homebuyer (and a long-term resident treated as a first-time homebuyer) may be able to claim a first-time homebuyer credit for a home that was purchased in 2010. To qualify, the home must have cost $800,000 or less. You generally cannot claim the credit for a home you bought after April 30, 2010. However, you may be able to claim the credit if you entered into a written binding contract before May 1, 2010, to buy the home before July 1, 2010, and actually bought the home before October 1, 2010.

(8) *Adoption credit.* The maximum adoption credit is $13,170 per eligible child for both non-special needs adoptions and special needs adoptions. In addition, the adoption credit is refundable, i.e., you get the credit even if it exceeds your taxes.

(9) *Enhanced small business expensing (Section 179 expensing).* To help small businesses quickly recover the cost of capital outlays, small business taxpayers can elect to write off these expenditures

in the year they are made instead of recovering them through depreciation. For 2010, you generally may expense up to $500,000 of qualifying property placed in service during the tax year. This annual limit is reduced by the amount by which the cost of property placed in service exceeds $2,000,000.

(10) *Cellular telephones.* Cellular telephones (cell phones) and other similar telecommunications equipment have been removed from the categories of "listed property." This means that cell phones can be deducted or depreciated like other business property, without onerous record keeping requirements.

(11) *Carryback of general business credits.* Generally, a business's unused general business credits can be carried back to offset taxes paid in the previous year, and the remaining amount can be carried forward for 20 years to offset future tax liabilities. However, for 2010, eligible small businesses can carry back unused general business credits for five years instead of just one.

(12) *Luxury auto limits.* First-year luxury auto limits for vehicles first placed in service in 2010 are $11,060 for autos and $11,160 for light trucks or vans (for vehicles ineligible for bonus depreciation, or if the taxpayer elects out, $3,060 and $3,160, respectively).

Rolens stresses this disclaimer: "FACT is not an accounting firm and does not offer tax or financial advice to members or other consumers. Please check with your own financial professional to learn whether and how and of the above changes may apply to you."

This news release has been issued by the Federation of American Consumers and Travelers (FACT), a consumer organization formed under the not-for-profit corporation laws of the District of Columbia in 1984. FACT serves more than 1 million consumers nationwide. Additional information on FACT may be found in the Encyclopedia of Associations, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. The association does not offer support to -- and does not receive support from -- any political party or movement. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from medical insurance and dental discounts to prescription drug savings and scholarships. FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025