



**Let Our Experienced
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What's Happening**

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2010 Tax Update

IRS Says Tax Season Will be Delayed for Some

The Internal Revenue Service announced the upcoming tax season will start on time for most people, but taxpayers affected by three recently reinstated deductions need to wait until mid-to-late February to file their individual tax returns.

People claiming any of these three items – the state and local sales tax deduction, higher education tuition and fees deduction, and educator expenses deduction as well as those who itemize deductions on schedule A – will need to wait to file their tax returns until the IRS tax processing systems are ready which the IRS estimates will be in middle to late February.

However, **we still recommend that you bring in your tax information as soon as possible** so we can be ready when the processing is available.

Special Rule for Direct IRA Contribution to Charity

IRA withdrawals made in January 2011 can count for 2010. Taxpayers age 70.5 and older can have up to \$100,000 taken from their IRAs in January 2011 that apply to 2010 requirements.

Tax Credit for Energy Saving Home Improvements Continues in 2011

However, the current credit of 30% of qualified costs is reduced to 10% and the credit ceiling of \$1,500 is reduced to \$500. Any credit taken in 2009 and 2010 will count against the \$500 ceiling.

E-Filing with Direct Deposit

Combine IRS e-filing with direct deposit and you will usually receive any refund due in less than two weeks. This expedited refund has

no additional fees.

Bring your information in early for a prompt refund.

Interest on Overdue Taxes
Starting in 2011, the rate the IRS charges on overdue taxes will fall one percentage point to 3%. They will also pay 3% on overdue refunds.

IRS 1040 Examination Rate Increased in 2010

The Revenue Service audited 1.11% of personal income tax returns, or 1 of every 90. This was the highest rate since 1997. The bulk of the audits were correspondence exams done by mail and usually on a single issue.

2011 Mileage Rates

Beginning on Jan. 1, 2011 the standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- \$0.51/mile for business reasons
- \$0.19/mile for medical or moving purposes
- \$0.14/mile for service of charitable organizations.

Thank You . . .

We have been Treasure Valley Tax for three full years now. We want to take a moment to thank you for being clients and friends and for allowing us to serve you. We will strive to bring you efficient and effective tax services to the best of our abilities and experience. God's Blessings to you all, for a Happy and Prosperous New Year.

Ken, Bruce, Deb, Barb, Ann & Norma

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