



What's New for 2009

- 1. IRA Deduction Expanded.** You may be able to take an IRA deduction if you were covered by a retirement plan and your 2009 modified AGI is less than \$65,000 (\$109,000 if married filing jointly or qualifying widow(er)). If your spouse was covered by a retirement plan, but you were not, you may be able to take an IRA deduction if your 2009 modified AGI is less than \$176,000.
- 2. Elective Salary Deferrals.** The maximum amount you can defer under all plans is generally limited to \$16,500 (\$11,500 if you only have SIMPLE plans: \$19,500 for section 403(b) plans if you qualify for the 15-year rule). The catch-up contribution limit for individuals age 50 or older at the end of the year is increased to \$5,500 (except for section 401(k)(11) plans and SIMPLE plans, for which this limit remains unchanged).
- 3. Divorced or separated parents.** A noncustodial parent claiming an exemption for a child can no longer attach certain pages from a divorce decree or separation agreement instead of Form 8332 if the decree or agreement was executed after 2008. The noncustodial parent will have to attach form 8832 or a similar statement signed by the custodial parent and whose only purpose is to release a claim to exemption.
- 4. Limit on exclusion of gain on sale of main home.** Generally, gain from the sale of your main home is no longer excludable from income if it is allocable to periods after 2008 where neither you nor your spouse (or your former spouse) used the property as a main home. See Pub 553 for more details.
- 5. Credit for plug-in electric drive motor vehicles.** You may be able to take a credit if you place a plug-in electric drive motor vehicle in service in 2009.

6. **Qualifying child definition revised.** The following changes to the definition of a qualifying child apply to years after 2008.
 - Your qualifying child must be younger than you.
 - A child cannot be your qualifying child if he or she files a joint return, unless the return was only filed as a claim for refund.
 - If the parents of a child can claim the child as a qualifying child but no parent so claims the child, no one else can claim the child as a qualifying child unless that person's AGI is higher than the highest AGI of any parent of the child.
 - Your child is a qualifying child for the purposes of the child tax credit only if you can and do claim an exemption for his or her.

7. **Credit for non-business energy property.** You may be able to take this credit for qualifying energy savings items for your home placed in service in 2009.

8. **Personal casualty and theft loss limit.** Generally, a personal casualty or theft loss must exceed \$500 to be allowed for 2009. This is in addition to the 10% of AGI limit that generally applies to the net loss.

9. **Alternative minimum tax (AMT) exemption amount decreased.** The AMT exemption amount is decreased to \$33,750 (\$45,000 if married filing jointly or a qualifying widow(er); \$22,500 if married filing separately).

10. **Allowance of certain personal credits against the AMT.** The allowance of the following personal credits against the AMT has expired.
 - Credit for child and dependent care expenses.
 - Credit for elderly or the disabled.
 - Education credits.
 - Mortgage interest credit.
 - Residential energy credits.
 - District of Columbia first-time homebuyer credit.



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