

Volume 7, Issue 1
January, 2010

BAITY & ASSOC. TAX AND FINANCIAL SERVICES, INC.
4008 VISTA, SUITE 104-C
PASADENA, TX 77504
PHONE: (713) 946-1040 FAX: (713) 946-9241
WWW.BAITYTAX.COM

Keeping You Up-to-Date

*****Note: We have moved the entrance to our office*****

Home Office Deduction

Here are five important things the IRS wants you to know about claiming the home office deduction.

1. Generally, in order to claim a business deduction for your home, you must use part of your home exclusively and regularly:

- As your principal place of business, or
- As a place to meet or deal with patients, clients or customers in the normal course of your business, or
- In the case of a separate structure which is not attached to your home, it must be used in connection with your trade or business

For certain storage use, rental use or daycare-facility use, you are required to use the property regularly but not exclusively.

2. Generally, the amount you can deduct depends on the percentage of your home that you used for business. Your deduction for certain expenses will be limited if your gross income from your business is less than your total business expenses.

3. There are special rules for qualified daycare providers and for persons storing business inventory or product samples.

4. If you are self-employed, use Form 8829, Expenses for Business Use of Your Home, to figure your home office deduction. Report the deduction on line 30 of Schedule C, Form 1040.

5. Different rules apply to claiming the home office deduction if you are an employee. For example, the regular and exclusive business use must be for the convenience of your employer.

For more information, visit <http://www.irs.gov/newsroom/article/0,,id=172239,00.html>

First-Time Homebuyer Credit Extension & Addition

According to the website of the Internal Revenue Service, on November 6, 2009, a new law went into effect which extends the first-time home-buyer credit five months and expands the eligibility requirements for purchasers.

The maximum credit amount remains at \$8,000 for a first-time homebuyer. A first-time homebuyer is a buyer who has not owned a primary residence during the three years up to the date of purchase.

The new law also provides a "long-time resident" credit of up to \$6,500 to others who do not qualify as "first-time homebuyers". To qualify this way, a buyer must have owned and used the same home as a principal or primary residence for at least five consecutive years of the eight-year period on the ending date of purchase of a new home as a primary residence.

Taxpayers who claim the credit on their 2009 tax return will not be able to file electronically but instead will need to file a paper return.

For more information, visit <http://www.irs.gov/newsroom/article/0,,id=215791,00.html?portlet=7>

Non-business Energy Property Credit

This credit equals 30 percent of what a homeowner spends on eligible energy-saving improvements, up to a maximum tax credit of \$1,500 for the combined 2009 and 2010 tax years. The cost of certain high-efficiency heating and air conditioning systems, water heaters and stoves that burn biomass all qualify, along with labor costs for installing these items. In addition, the cost of energy-efficient windows and skylights, energy-efficient doors, qualifying insulation and certain roofs also qualify for the credit, though the cost of installing these items does not count.

Due to limits based on tax liability, other credits claimed by a particular taxpayer and other factors, actual tax savings will vary. These tax savings are on top of any energy savings that may result.

For more information, visit <http://www.irs.gov/newsroom/article/0,,id=214873,00.html?portlet=7>

Newest Addition

Brandi Moore is our newest team member in the position of Tax & Accounting Associate; and brings with her over 12 years of small business Accounting and Tax Preparation experience.

We welcome her to our business family and know that she will provide knowledge to our office and exceptional service to our clients.

Tips

- 1041, 1065, 1120, 1120S Due Date is **March 15, 2010**.
- 1040 Due Date is April 15, 2010.
- 2010 First Quarter 1040 estimated tax payments are due April 15, 2010.
- County Property Rendition Forms are due April 15, 2010.
- 2010 Texas Franchise Tax is due May 17, 2010.

You Keep In Touch—We'll Keep In Touch

- Please let us know if you have changed your address, telephone number (including cell phone), or email address.
- Check us out on the web—www.baitytax.com

Featured Client of the Quarter

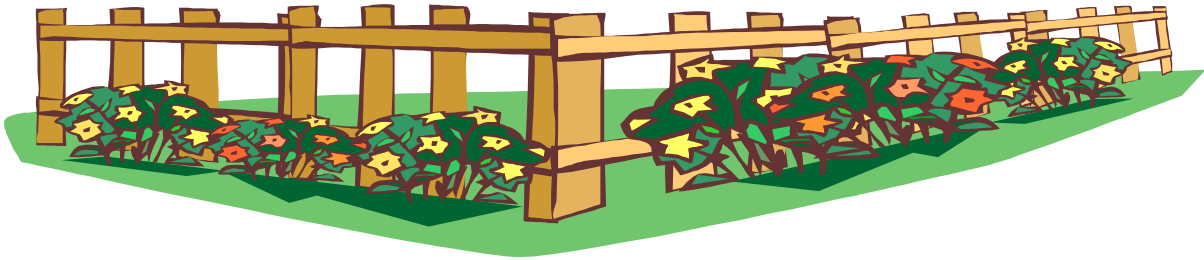
**** If you would like to be a Featured Client of the Quarter, please contact us****

DUKE'S LANDSCAPING & DESIGN

Phone: 281-487-1092

Pager: 713-707-6805

Ask for Dennis



Specializing in:
New Installations
&
Re-Designs

We tear out the old, and put in the new!

Call for a Free Estimate!

Our work is guaranteed for one year.