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## **Tax rules slightly altered as filing deadline draws near**

By SHAWNA T. TURNER - [sturner@sungazette.com](mailto:sturner@sungazette.com)

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Individuals still needing to file their taxes should be informed on a number of changes implemented to determine how the changes may affect their tax returns, according to Nancy Montanye, a local certified public accountant.

Some changes are an expansion of the education credit, tax-free status for the first \$2,400 of unemployment, energy credits, and expansion of the earned income tax credit, just to name a few, according to Montanye.

The expansion of the education credit makes the Hope Credit available to more taxpayers, including constituents with higher incomes and those who owe no tax. It also expands on the list of qualifying expenses and allows the credit to be claimed for four post-secondary education years instead of two, according to the Internal Revenue Service.

"The education credit is up to \$2,500 for the first four years of college. There are income limitations and phase-outs," Montanye said.

The stimulus package provides a temporary increase in the earned income tax credit for taxpayers with three or more children.

"The earned income tax credit, which is for low- to moderate-income workers, is a refundable credit - meaning the taxpayer would get money back beyond what they paid in. It was expanded in 2009 and the income limits went up and the amounts also increased," Montanye said.

Energy credits may be claimed for qualifying home improvements. Some improvements include energy efficient windows or qualifying insulation, according to Montanye.

"The maximum credit is 30 percent up to \$1,500," Montanye said.

With April 15 around the corner, many taxpayers who have not filed may need to get their paperwork together to avoid penalties with late filings.

"The penalty for the failure to file or filing late filing is 5 percent of unpaid balance per month with a maximum of 25 percent. In addition to late fees, there are still interest rates," Montanye said.

However, an extension may be available to those who need it.

"If people are really not able to put together a tax file in time, they should file for a six-month extension. It is not a payment extension. Estimate the payment and pay it by April 15 and that will help avoid any payment penalties," Montanye said.

The best thing when it comes to tax preparation is to be prepared and to have a tax plan ready, if possible, according to Montanye.