

# Tax News: Summer 2009

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Current and Past Issues of Tax News are available at [www.4-serenity.com/news.htm](http://www.4-serenity.com/news.htm).

**Office Visits are by appointment only.**

## **Calendar**

- July 31<sup>st</sup> – Due date for 2nd Quarter Payroll Tax Returns. [Accounting information must be received by July 15<sup>th</sup>]
- August 15<sup>th</sup> – Extension Due Date for Non-Profit Tax Returns.
- September 15<sup>th</sup> – Extension Due date for Corporation and S-Corporation Tax Returns.
- October 15<sup>th</sup> – Extension Due Date for Individual & Partnership Income Tax Returns.

- October 31<sup>st</sup> – Due date for 3<sup>rd</sup> Quarter Payroll Tax Returns. [Accounting information must be received by October 15<sup>th</sup>]

## **Administration**

Amber Knight has been my new assistant since February of 2009. She graduated from Clayton State University in May of 2008. If you cannot reach me, please talk to Amber.

## **Personal Taxes**

### **Making Work Pay Credit**

#### *Should you adjust your withholding?*

For 2009 and 2010, you can claim a refundable Making Work Pay Credit if you are employed. The amount of the credit equals the lesser of 6.2 percent of your earned income or \$400 (\$800 if married filing jointly). However, the credit is phased-out when your modified adjusted gross income is between \$75,000 and \$95,000 (\$150,000 and \$190,000 if married filing jointly).

If you receive a paycheck, the credit is handled through your withholding, so you may have an increase in your take-home pay. If you do not have taxes withheld, you can claim a credit when you file your tax return.

The lower withholding amount may cause unexpected results if you have more than one job or you are married and both work. Because each employer is withholding less, the total reduced withholding may exceed the allowable credit and you may end up owing more taxes. To prevent this from happening, consider increasing your withholdings by filing Form W-4, Employee's Withholding Allowance Certificate, with your employer.

### **Economic Recovery Payment**

#### *Are you eligible?*

For 2009 only, you may be entitled to a one-time \$250 economic recovery payment if you are:

- An adult eligible for Social Security benefits;
- An adult eligible for Railroad Retirement benefits;
- An adult eligible for Veterans benefits; or
- An individual of any age eligible for Supplemental Security Income (SSI), other than an individual who receives SSI while in a Medicaid institution.

To receive an economic recovery payment, you must have been eligible for any of the above four benefits for any part of November 2008, December 2008, or January 2009. You don't have to do anything to receive this payment. The applicable agency will be sending out the payments as early as May or June of 2009. This payment is not taxable, but it reduces any Making Work Pay Credit to which you may be entitled.

### **American Opportunity Tax Credit**

#### *Have you paid any college tuition in 2009?*

The Hope Credit, which was a tax credit available for tuition expenses paid during the first two years of

college, has been expanded and renamed the American Opportunity Tax Credit for 2009 and 2010. Now taxpayers can claim up to \$2,500 per student, per year for the first four years of post-secondary education. This is much better than the Lifetime Learning Credit, which is limited to \$2,000 per return, per year for all eligible students. You cannot claim both credits for the same student in the same year, so you must choose one or the other.

The credit equals 100 percent of the first \$2,000 of qualified tuition and related expenses, plus 25 percent of the next \$2,000 of such expenses, for a maximum credit of \$2,500. However, the credit is gradually reduced if your modified adjusted gross income is between \$80,000 and \$90,000 (\$160,000 and \$180,000 if married filing jointly).

In general, education credits are nonrefundable. However, 40 percent of the allowable American Opportunity Tax Credit is refundable. Thus, if you have no tax liability, you can still claim a refund of \$1,000 (\$2,500 x 40%) for this credit (assuming you are entitled to a \$2,500 credit after applying the phase-out rules). The balance of the credit is lost and cannot be carried over.

### **First-Time Homebuyer Credit**

#### *Thinking of buying your first home in 2009?*

The First-Time Homebuyer Credit is still available for homes purchased through November 30, 2009. If you purchase a home in 2009, the credit equals the lesser of 10 percent of the purchase price of the home or \$8,000 (\$4,000 if married filing separately). However, if your income is too high, you may lose some or all of the credit because it is phased-out when your modified adjusted gross income is between \$75,000 and \$95,000 (\$150,000 and \$170,000 if married filing jointly).

This credit is refundable. This means the credit is treated like a tax payment. Therefore, even if you have no tax liability, you will get a refund equal to the amount of the credit (up to \$8,000).

If you purchased a home in 2009, you can wait to claim this credit on your 2009 tax return and get a refund in 2010. Or, you can choose to claim this credit on your 2008 tax return and get a refund sooner. If you already filed your 2008 return, you can file an amended return.

There is one catch. If you purchased the home in 2009, you must use the home as your principal residence for at least 36 months from the date of purchase. If you don't, you must repay the full amount of the credit on the return for the year you stop using the home as your principal residence.

## **\$1,800 Georgia Homebuyer Tax Credit**

*Thinking of buying a foreclosed home?*

Governor Perdue signed the Georgia Homebuyer Tax Credit this week, which is GREAT news for Georgia home buyers. The bill will offer up to \$1,800 in tax credits to Georgia homebuyers via a credit on their state income tax.

House Bill 261 gives a credit of either \$1,800 or 1.2 percent of the purchase price, whichever is less. (You can only claim one-third of the credit each year, beginning with your 2009 Georgia tax return.) The purpose of the bill is to create a stimulus for home sales, and give a boost to the Georgia real estate market.

Here is how the Georgia Homebuyer Tax Credit applies to home purchases:

- Applies to single-family homes and condos if they are your primary residence
- The property must have been for sale prior to May 11, 2009 and must still be for sale
- The property must be in default on or before March 1, 2009
- The property has already been foreclosed on and is held by the bank or mortgage company

Homes purchased between June 1 and November 30, 2009 that meet the criteria will be eligible for the tax credit.

The new Georgia Homebuyer tax credit makes for a powerful new home stimulus plan when combined with the Federal \$8,000 first-time homebuyer tax credit. It is a great time to buy a home, let's go shopping!

## **Deduction for Sales Tax on New Motor Vehicles**

*Did you buy a new vehicle this year?*

There is a new deduction for state or local sales tax imposed on new motor vehicles purchased after February 17, 2009, and before 2010. You can either claim a standard deduction or an itemized deduction. The standard deduction is in addition to the basic standard deduction, so you can claim a deduction even if you don't itemize. Otherwise, you can claim an itemized deduction for sales tax on new vehicles in addition to the state income tax deduction.

You may deduct the sales tax attributable to the first \$49,500 of the purchase price of a qualified vehicle. Qualified vehicles include cars, light trucks, motor homes, and motorcycles. The deduction is gradually reduced when your modified adjusted gross income is

between \$125,000 and \$135,000 (\$250,000 and \$260,000 if married filing jointly).

## **Hybrid Vehicles**

*Can you claim a credit?*

Taxpayers can no longer claim a credit for Toyota/Lexus or Honda hybrid vehicles purchased in 2009. Additionally, the credit for Ford hybrid vehicles has begun its phase out for purchases made after March 31, 2009.

Ford met the government's quota by selling more than 60,000 qualifying vehicles during the calendar quarter ending December 31, 2008. Thus, if you purchased a qualifying vehicle before March 31, 2009, you may claim 100 percent of the credit. You may claim 50 percent of the credit for qualifying vehicles purchased after March 31, 2009, and before October 1, 2009, and 25 percent of the credit for qualifying vehicles purchased after September 30, 2009, and before April 1, 2010. No credit is allowed for qualifying vehicles purchased after March 31, 2010.

General Motors, Mazda, Mercedes-Benz, Nissan, and Volkswagen vehicles continue to qualify for the full credit.

If you want to know the amount of the credit for different makes and models, visit the IRS website at [www.irs.gov](http://www.irs.gov) and search for "Qualified Hybrid Vehicles."

## **Energy Credit for Home Improvements**

*Want to make energy-efficient home improvements?*

The nonbusiness energy property credit for energy-efficient improvements to your principal residence was not available in 2008. However, it's back again for two more years in 2009 and 2010.

If you aren't sure which property qualifies for the credit, go to [www.energystar.gov](http://www.energystar.gov) and look up "Tax Credits for Energy Efficiency." You shouldn't assume that all ENERGY STAR products qualify for the credit. Make sure you receive proper certification from the manufacturer that the property qualifies for the credit.

In 2009, the credit equals 30 percent of the amount paid for:

- Qualified energy efficiency improvements (i.e., insulation, windows, doors, etc.); and
- Residential energy property expenditures (i.e., central air conditioners, natural gas furnaces, tankless water heaters, biomass fuel stoves, etc.).

There is a cap of \$1,500 on the total nonbusiness energy property credits allowed. This cap only applies to property placed in service in 2009 and 2010. Thus, you can claim up to \$1,500 even if you already claimed a \$500 nonbusiness energy property credit in 2006 or 2007.

You can claim this credit regardless of your modified adjusted gross income. Unlike the first-time homebuyer credit, it is nonrefundable. To the extent it exceeds your tax liability, you lose it. Therefore, it may be wise to hold off making any improvements until 2010 if you don't expect to owe a lot of taxes this year. Another alternative is to make some improvements each year.

### **Energy Credit for Solar Property**

*Want to generate electricity using solar panels or a windmill?*

In addition to the energy credit for home improvements, you may also claim a residential energy efficient property credit for property that uses solar energy to generate electricity or heat water for your residence. You can also claim this credit for property that uses a wind turbine to generate electricity in your residence, or equipment that uses the ground or ground water to heat your residence.

The following property qualifies for the credit:

- Solar electric property;
- Solar water heating property;
- Fuel cell property;
- Small wind energy property; and
- Geothermal heat pump property.

This credit equals 30 percent of the cost of purchasing and installing such property. After 2008, there is no dollar cap on the credit, with the exception of the maximum credit for qualified fuel cell property, which is \$500 for each 0.5 kilowatt of capacity.

Like the energy credit for home improvements, you may claim this credit regardless of your modified adjusted gross income, and it is nonrefundable. However, any unused credit may be carried forward and added to the credit for that year. This credit is available through 2016, so you should benefit from it eventually.

### **Unemployment Benefits May Be Tax-Free in 2009**

*Should you request withholding?*

All or part of your unemployment benefits received in 2009 will be tax-free under the American Recovery and Reinvestment Act. Every person who receives

unemployment benefits during 2009 may exclude the first \$2,400 of these benefits when they file a tax return in 2010. For a married couple, the exclusion applies to each spouse separately. Thus, if both spouses receive unemployment benefits during 2009, each of them may exclude the first \$2,400 of benefits from gross income.

Any individuals who expect to receive more than \$2,400 in benefits in 2009 should consider having tax withheld from their benefit payments. Those individuals who have already chosen to have tax withheld from their benefits should consider the \$2,400 exclusion to determine whether to continue to have tax withheld. To request withholding to begin or end, use Form W-4V, Voluntary Withholding Request, or the equivalent form provided by the payer.

### **Quick Tax Tips**

1. If you are unmarried and purchase a home with another individual as tenants in common, you can claim the entire first-time homebuyer credit on your tax return even if you are a first-time homebuyer and the other individual is not. However, you cannot claim the first-time homebuyer credit before you close on the purchase. In addition, you will not qualify for the credit if you purchase the home from a related party, inherit the property, or receive it as a gift.
2. If you paid real estate taxes in 2009, but don't itemize, you can claim an additional standard deduction of up to \$500 (\$1,000 on a joint return) for state and local property taxes paid.
3. If you are in a lower income tax bracket in 2009 or 2010, now may be the time to sell appreciated capital assets. Long-term capital gains that fall within the 10- or 15-percent income tax brackets are taxed at 0 percent. In 2009, income must be under \$33,951 (single), \$67,901 (married filing jointly), or \$45,501 (head of household) to fall within the 10- or 15-percent tax brackets.
4. A noncustodial parent who wants to claim a dependency exemption for a child can no longer attach certain pages from the divorce decree or separation agreement if it's executed after 2008. The noncustodial parent must attach Form 8332 or a similar signed statement that is executed for the sole purpose of releasing the dependency exemption.
5. If you had credit card debt canceled, but didn't file for bankruptcy, you can still exclude it from gross income to the extent you are insolvent. You are insolvent to the extent your liabilities

exceed the fair market value of your assets immediately before the discharge.

## Tax Developments

- Mortgage insurance premiums (PMI) may be deducted as interest on new loans secured in 2007 through 2010. The deduction is limited if your income is greater than \$100,000 and completely phased out if your income is over \$109,000.
- Go Zone – You can take a 1st year write-off up to 50% of the purchase price of residential or non-residential rental property within the areas damaged by hurricanes Katrina, Rita, or Wilma through 2008. This is extended through 2010 for specified counties and parishes in which 60% or more of the homes were destroyed.
- The maximum IRA limit is now \$5,000 (\$6,000 if over age 50).
- Health Savings Accounts - If you currently pay for your own private health insurance, are not able to deduct your medical expenses, and don't have a Health Savings Account, you are missing out on a great tax savings option.

## Small Business Taxes

### **New Categories Added for Work Opportunity Credit**

*Two new categories added for individuals hired in 2009 and 2010*

A new law expanded the Work Opportunity Tax Credit (WOTC) to include two new targeted groups: unemployed veterans and disconnected youth.

A "veteran" is an individual certified as either having served on active duty in the U.S. Armed Forces for more than 180 days, or having been discharged or released from active duty in the U.S. Armed Forces for a service-connected disability. An "unemployed veteran" is a veteran who is certified by the designated local agency as having been discharged or released from active duty in the Armed Forces at any time during the five-year period ending on the hiring date, and being in receipt of unemployment compensation for not less than four weeks during the one-year period ending on the hiring date.

A "disconnected youth" is any individual who is certified by the designated local agency as having attained age

16 (but not over the age of 25) on the hiring date, not regularly attending any school during the six-month period preceding the hiring date, not regularly employed during that six-month period, and not readily employable by reason of lacking a sufficient number of basic skills.

With the additions of unemployed veterans and disconnected youth, there are a total of 11 targeted groups for calculating the WOTC: (1) qualified members of families receiving assistance under the Temporary Assistance for Needy Families (TANF) program; (2) qualified veterans; (3) qualified ex-felons; (4) designated community residents; (5) vocational rehabilitation referrals; (6) qualified summer youth employees; (7) qualified members of families receiving Food Stamp assistance; (8) qualified Supplemental Security Income recipients; (9) long-term family assistance recipients; (10) certain unemployed veterans; or (11) disconnected youth.

With the exception of summer youth employees, the WOTC is calculated using up to \$6,000 (\$10,000 for a long-term family assistance recipient and \$12,000 for certain veterans) of first-year of first-year wages per employee. If the employee completes at least 400 hours of service, wages taken into account are multiplied by 40 percent (if at least 120 hours but less than 400 hours of service for the employer, they are multiplied by 25 percent). Long-term family assistance recipients can qualify the employer for a second-year credit amount.

For summer youth employees, the employer can only take into account up to \$3,000 of wages. The wages must be paid for services performed during any 90-day period between May 1 and September 15.

The credit isn't available for certain employees who are related to the employer or who work more than 50 percent of the time outside of a trade or business of the employer (e.g., working as a maid or a nanny in the employer's home). Furthermore, the credit generally isn't available for employees who have previously worked for the employer.

### **Hire Your Children for the Summer** *Save your business some payroll taxes*

There are benefits to hiring your children to work for you. If your children are under the age of 18, you are not required to withhold social security and Medicare taxes from their wages. You are also not required to pay federal unemployment taxes on their wages until they reach the age of 21.

**Only self-employed business owners can take advantage of this benefit.** Partnerships are included in this category as long as the parents are the only

partners. If your business is incorporated, the children are considered employees of the corporation, and are subject to the normal payroll taxes regardless of their age.

### **New Rules for Net Operating Loss Carrybacks for 2008 Only**

*Change in law extends carryback period up to five years*

If you carry back a net operating loss (NOL) from a tax year beginning or ending in 2008, a new law allows you to carry it back up to five years instead of two. Only small businesses with average annual gross receipts of \$15 million or less qualify for this rule. The new law gives these businesses the choice of carrying back an NOL three, four, or five years.

The increased carryback is elective, but you must make the election by the due date, including extensions, for the 2008 income tax return. Therefore, if you obtained an extension to file your 2008 Form 1040, generally you'd make the election by October 15, 2009. Once the election is made, it is irrevocable and cannot be changed.

### **Changes in Estimated Taxes for Small Businesses**

*Reduced required estimated tax payments*

If your income is primarily generated from operating a small business in 2009, you may be eligible for reduced required estimated tax payments. A new law allows you to base the computation of the 2009 estimated payments on 90 percent of your 2008 income tax liability instead of 100 percent. In order to qualify for this reduced amount, your adjusted gross income must be less than \$500,000; in addition, more than 50 percent of the gross income shown on your return for the prior year has to be income generated from operating a small business. A small business is defined as a trade or business with an average of 500 or fewer employees.

### **Meal Rates for Day Care Providers**

*Keeping track of meal expenses is easier than ever*

If you provide day care services in your home, some of the most difficult expenses to track are meals. The IRS has made it easier for you by allowing a standard meal allowance that can be used in lieu of actual expenses. The chart outlines the meal rates allowed for 2009.

Meal	Alaska	Hawaii	All Other States
Breakfast	\$1.86	\$1.36	\$1.17
Lunch/Dinner	\$3.53	\$2.55	\$2.19
Snack	\$1.05	\$0.76	\$0.65

### **Starting Your Own Business**

*Tips for turning a hobby into a profitable business*

With the economy the way it is today, jobs are hard to find. Starting your own business might be the only way to earn a living. You have to have a good idea, map out all the details needed to put it into operation, and be firmly convinced of your ability to make it work. Having it all worked out in your head is one thing, but it's only when you take the time to create a written document that embodies your thoughts that you realize the scope and magnitude of what's involved in running a business. In your head, you've concentrated on the idea. In your business plan, you can examine the nuts and bolts of running a business to make the most of your idea.

A well developed plan can serve as one of your most important management tools. A good plan will provide a blueprint and step-by-step instructions on how to translate your idea into a marketable service or product. Once the business plan is in writing, you need to follow it so you can stay on track and avoid costly mistakes. It might also help when it comes time to find investors.

You'll also need to develop a marketing plan. You won't sell your product or service unless the public knows you exist. The Internet has become a great place to advertise your business, and the costs you incur are deductible as advertising expenses once the business is open.

There are several different forms of business entities: corporations, partnerships, sole proprietorships, and limited liability companies (LLCs). What type of entity should you choose? Getting good advice from your tax professional prior to starting any business activity will save you time and money later.

### **COBRA Premium Subsidy**

*Involuntarily separated employees can elect to pay only 35 percent of COBRA coverage*

A new law allows individuals who are involuntarily separated from employment between September 1, 2008, and January 1, 2010, to elect to pay 35 percent of their premium for COBRA coverage and have it treated as being paid in full.

The former employer will be required to pay the other 65 percent and will be reimbursed through the filing of Form 941. The amount will be credited against income tax withholding and payroll taxes the employer is otherwise required to remit to the federal government. The maximum period for which the subsidy can be provided is nine months.

## **Choosing an LLC as a Form of Doing Business**

*Many business advantages make this option a good choice*

A limited liability company (LLC) is a business entity separate from its owners. The major advantage is that it allows owners to participate in the management and to take advantage of the pass-through taxation while limiting their liability for debts or the business. LLC members have limited liability that is usually only common in corporations.

A single member LLC is taxed as a sole proprietorship by default; an LLC with two or more members is taxed as a partnership by default. Either LLC can elect to be taxed as a corporation.

The other attributes of the LLC usually will be determined by how the LLC is taxed. An LLC taxed as a corporation follows the corporation rules; an LLC taxed as a sole proprietorship follows the sole proprietor provisions; and an LLC taxed as a partnership follows the partnership rules. For example, an LLC taxed as a sole proprietor will not issue a Form W-2 to the single member for services provided, because a sole proprietor cannot issue a Form W-2 to himself or herself. The same is true for an LLC taxed as a partnership; members will not receive a Form W-2 from the partnership. However, an LLC taxed as a corporation will issue a Form W-2 to a member who provides services.

An LLC is formed under the state where the business is conducted. An LLC's Articles of Organization usually define who will be responsible for managing the company. Liquidation of the LLC will depend on how the entity is taxed.

## **Bonus Depreciation Extended**

*The 50 percent first-year bonus depreciation has been extended*

The 50 percent first-year bonus depreciation is now available through December 31, 2009. The additional bonus depreciation is taken on top of the regular depreciation allowed for property placed in service for tax year 2009. With this larger deduction in the first year, the depreciation expense in later years will be smaller. If you'll have more income in later years, and would like a larger depreciation deduction in those years, you can opt out of taking the 50 percent first-year bonus depreciation.

To qualify for the 50 percent first-year bonus depreciation, the property you purchase must have a useful life of 20 years or less, be depreciable computer software, be water utility property, or be qualified leasehold improvement property. Qualified leasehold improvement property is nonresidential real property that has improvements made to the interior of the building pursuant to a lease, and made more than three years after the property was placed in service.

## **Solo 401(k)**

*Option increases retirement savings*

If you're the sole owner of a business, you may wish to consider the implementation of a solo 401(k) retirement plan to accumulate retirement savings on a tax-deferred basis.

Self-employed taxpayers can contribute to a solely owned 401(k) retirement plan as both employer and employee. As an employer, you can contribute up to 25 percent of your total net earnings to your retirement plan; as an employee, you may also contribute an additional \$16,500 in 2009. If you are age 50 or older, you can contribute an additional \$5,500 for a total of \$22,000.

Your maximum contribution to a solo 401(k) plan is the lesser of \$49,000 or the sum of your employer and employee maximum contributions. The solo 401(k) plan provides you with an additional opportunity to maximize your yearly retirement contribution. As an added bonus, this type of plan, unlike other retirement plan options, allows participants to take out loans from the plan.

## **Quick Tax Tips**

1. The expense deduction for business equipment purchased in 2009 remains at \$250,000.
2. Instead of deducting the actual expenses for the business use of your vehicle, opt for the standard mileage rate. In 2009, you can deduct 55 cents for each business mile you drive.
3. A deduction is allowed for the cost of an energy efficient building placed in service during the tax

year of up to \$1.80 multiplied by the square footage of the building.

4. The Social Security wage base increases to \$106,800 in 2009, up from \$102,000 for 2008. This means that you are no longer required to withhold social security tax for employees after meeting this threshold. You are, however, required to withhold Medicare taxes regardless of the amount of wages paid.
5. If you are disposing of property used in your business, you may want to consider a like-kind exchange to defer the taxable gain on the sale.
6. If your business owns a vehicle that is available for an employee's personal and business use, the vehicle is nevertheless considered used 100 percent for business on the business tax return. The personal-use percentage is included on the employee's W-2 as additional compensation.
7. Employer-provided education assistance benefits of \$5,250 provided under a written plan are excludable from wages. The education need not be job-related to qualify.
8. If you are planning on starting a SIMPLE retirement plan for yourself or your employees, do it now. The deadline for setting up a SIMPLE plan is October 1, except if you are a new employer coming into existence after October.

### **“A Man Who Represents Himself Has a Fool for a Client”**

*Moshe Shafir, et ux. V. Commissioner, TC Memo 2008-280*

Everyone's heard of this expression, yet individuals continue to test its accuracy by preparing their own tax returns. An architect recently took this to a new level by not only preparing his own tax return, but contesting the IRS' adjustments to the return by representing himself in Tax Court.

Moshe Shafir filed in 2004 tax return in January of 2006. He claimed Hope Scholarship credits on behalf of his son and daughter, who attended college as full-time students. He also claimed dependency exemptions for the children. He included mileage for "meeting with potential clients" and expenses for a "marketing, urban, and architectural study" on his Schedule C. He also included expenses related to his cell phone as well as three telephone lines installed at his home.

The IRS and the Tax Court found fault with several items on the return. For one, Shafir's son had timely filed his own 2004 individual Federal income tax return on which he claimed an exemption for himself and on which he reported \$27,309 in income relating to his employment as a chef. Because no credible evidence was submitted to corroborate the father's claim of support, the dependency exemption for the son was not allowed.

Although all of the Shafir's telephones were used for business purposes, they were also used by the architect and his family for personal reasons. Because Shafir failed to submit sufficient documentation that distinguished personal and business usage, none of the disputed phone charges were allowed.

Some of the travel involved family and friends. The business purposes of the disputed travel expenses were not adequately substantiated and were therefore not allowed.

A taxpayer may claim Hope Scholarship credits for the first two years of a student's postsecondary education. Because Shafir claimed Hope Scholarship credits for 2002 and 2003 with respect to his son and daughter, the Hope Scholarship credits claimed for 2004 were disallowed.

Shafir's 2004 return was also subject to a late filing penalty under Section 6651 (a)(1) because the architect provided no explanation and submitted no evidence to suggest that his failure to timely file was due to reasonable cause. In addition, he was assessed an accuracy-related penalty equal to 20 percent of the underpayment of the taxes under Section 6662(a) and (b)(1) due to negligence or disregard of rules or regulations.

*Thanks,*

*Larry*