



MOCERI & COMPANY, P.C.
 CERTIFIED PUBLIC ACCOUNTANTS

Tax Alerts

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Website Tax Tips

We recently added a new service to our website. Every week we will post tax tips that will help you stay current on tax developments, remind you of future tax tasks, and provide suggestions that may decrease your taxes. Please visit our website at www.moceri-cpa.com and choose the "Tax Tip of the week" link in the lower left corner of your screen. Worried that you may have missed an important tip? No need, we archive past tips and the prior weeks' tips are available by clicking the links on the left side of the "Tax Tip" screen. ♦



Proving Tax Deductions Without Canceled Checks

The *Check Clearing for the 21st Century Act* (Check 21) became effective several years ago. Check 21 allowed your bank to truncate each of your checks and create a new electronic negotiable instrument called a substitute check. After doing this, your bank destroys your original check.

The Check 21 law says you can use a substitute check as proof of payment because it is legally the same as the original check. The IRS, therefore, must accept your substitute check as proof of payment. The IRS also accepts bank statements that contain images of canceled checks and/or substitute checks. To be used as proof, an account statement must show check number, amount, payee's name, and the date the check was posted. However, as has been IRS policy for image statements of canceled original checks, if an IRS auditor is suspicious that the image statement is not genuine, you may still be requested to order the actual substitute check from your bank. This will be a rare instance, however, and only if you are audited. In order to keep track of your payments more easily for tax purposes, you should maintain a careful check register. That way, you'll know on which bank statement to look if you are ever audited.

Banking online

What if you do all your banking and bill paying online? The same rules apply. As a precaution, however, we suggest that you download and print out your bank statements at the end of the year. That way, even if you are audited several years from now, you'll have a record that's easy to access.

Please call our office if you have any concerns about Check 21. ♦

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Tax Benefits of Home Ownership

Buying a home is the single most valuable investment most families make, and home ownership offers tax breaks that make it the foundation for your overall tax planning. The tax law provides numerous incentives to home ownership, including the following:

- Buying, rather than renting, replaces nondeductible rent with deductible mortgage interest.
- For a limited time, qualified mortgage insurance premiums may be treated as deductible mortgage interest.
- Taxpayers can deduct an unlimited amount of property tax they pay on any number of residences.
- Homeowners can exclude up to \$250,000 of gain (\$500,000 for married couples filing jointly and certain surviving spouses) from taxable income when they sell.
- There is no penalty for an early withdrawal from an IRA for a "first-time" homebuyer.
- Through April 30, 2010, first-time homebuyers may claim a refundable tax credit for the purchase of a home.
- Self-employed individuals may deduct expenses for a portion of the home used for business.
- Energy credits are available for certain improvements to a residence.
- A temporary provision excludes the discharge of "qualified principal residence indebtedness" from gross income.

You may want to review these options more thoroughly, especially if you are considering selling your home, refinancing, renting, or if you would like to invest in a vacation home. Many home ownership tax benefits also apply to a second home. We would like to assist you with home ownership as it applies to your overall tax plan. Please call our offices at your earliest convenience to arrange an appointment.

M.C.C. Continuing Ed Bookkeeping Course

Macomb Community College offers a Bookkeeping course in the continuing education department which will be taught again this year by our own Mike Kramer. The course, which meets once per week for three hours over a three week session, covers bookkeeping and accounting terminology. Students also learn the purpose of financial statements, are introduced to books of original entry, and develop an understanding of bookkeeping as a communication tool for users of financial data. The course provides an excellent opportunity for new business owners and potential business owners to learn critical accounting functions without the commitment of a full college course ♦

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Quickbooks Corner

Turn off Pop up Sales Pitches

Many users notice "reminder" messages that are really sales pitches -- such as "reminders" to use Quickbooks merchant card services. Clicking the mark as done button only postpones the notification. In order to get rid of these notices permanently follow the steps below:

1. Navigate to the following folder -- C:\Documents and Settings \ All Users \ ApplicationData \ Intuit \ QuickBooks 2010 \ Components \ Messages
2. Select the file named General.qmd to highlight it.
3. Press F2 to edit the filename.
4. Rename the file Generalqmd.old

Viola! The annoying reminders should be gone for good.♦