

**New Tax Law Legislation and other Updates**

**Concern:**

[Publication 4491X - Revised January 2011](#) Revision contains information regarding technical tax law updates for the TY2010 VITA/TCE training products. This revised version includes information from the December Supplement, as well as changes resulting from the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010, which was signed into law on December 17, 2010. Click the link to download the supplement or print it out for reference.

**Purpose:**

The *Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010* extends the individual income tax rates and qualified capital gains/dividend tax rates for two years, through 2012. The bill also provides for an Alternative Minimum Tax (AMT) “patch,” a one-year payroll tax cut, and other provisions.

The following highlights of the Act may affect taxpayers visiting VITA/TCE sites and are included in the supplement:

- Individual Tax Extenders – a number of temporary individual tax incentives which expired at the end of 2009 were extended for two years (2010 and 2011). These include:
  - State and local sales tax deduction
  - Higher education tuition deduction
  - Teacher’s classroom expense deduction
  - Charitable contribution of IRA proceeds
  - NOTE: The Act did not extend the additional standard deduction for real property taxes, which expired at the end of 2009
- Other extended tax benefits include:
  - The \$1,000 child tax credit for two years, through December 31, 2012
  - The American Opportunity Tax Credit for two years, through December 31, 2012
  - The Code Sec. 25C non-business energy property credit was extended, but with some limitations through 2011

This supplement ***must be reviewed before*** assisting taxpayers with tax law questions and preparing or quality reviewing tax returns. Please take the time to ensure all volunteers have received this product and reviewed the critical tax law changes.

**Thank you for volunteering to serve your community and for your dedication to providing top QUALITY service!**