

## Energy Efficient Home Improvements

Expenses you incur can save you tax dollars.

If you make certain energy efficient improvements to your existing home, you may be entitled to a lifetime tax credit of up to \$500. Legislation passed late last year extended the credit for expenses incurred before January 1, 2009. The credit equals the sum of the following two credits:

- A ten-percent credit for energy efficient improvements, such as insulation, exterior windows, skylights, exterior doors, and pigment-coated metal roofs. (The maximum credit allowed for windows is limited to \$200.)
- A credit for energy property expenditures in the following amounts: \$50 for each advanced main air circulating fan; \$150 for each qualified natural gas, propane, or oil furnace, or hot water boiler; and \$300 for qualified energy efficient property, such as heat pumps, water heaters, and central air conditioners that meet certain requirements.

When making home improvements, look for the Energy Star label and ask the manufacturer if the items qualify. Items such as appliances and siding do not qualify for the credit. Also, the expenditures must be incurred for items installed in the home that you are currently occupying as your principal residence. If you are in the process of building a new home, you are not entitled to the credit, even though the items you install may be certified as energy efficient.

## Casualty Losses in Presidentially Declared Disaster Areas

How to get money in your pocket as fast as possible

If you suffer a loss to your property as a result of a severe storm, flood, fire, or some other sudden and unexpected event, and the area is declared a disaster area by the President, you do not have to wait until you file your return for that year to claim a loss and get some tax money back. A special provision in the law allows you to amend your prior year's tax return and claim a refund based on the tax you paid in the prior year.

You can deduct casualty losses arising in 2007 on your 2006 tax return. If you had a tax liability in 2006, amending your tax return now could bring needed cash to your pocket sooner than if you waited to claim the loss when you file your 2007 tax return.

## QUIK TIPS

- 1** Beginning January 1, 2007, the standard mileage rates for the use of a car (including vans, pickups, or panel trucks) are:
  - 48.5 cents per mile for all business miles driven;
  - 20 cents per mile for all miles driven for medical or moving purposes; and
  - 14 cents per mile for all miles driven for charitable purposes.
- 2** Are you collecting unemployment benefits? If so, your benefits are taxable. To ease the tax burden when filing your return, you can file Form W-4V and specify the amount that you want withheld from your benefit.
- 3** If you turn age 70 on July 1, 2007, or later, you are not required to begin your minimum required distributions from your IRA until April 1, 2009. You are not considered to be age 70½ until January 1, 2008. Minimum required distributions from your IRA must begin no later than April 1 of the year following the year you reach age 70½.
- 4** Each cash charitable contribution you make must now be substantiated with a written receipt or other documentation, regardless of the amount. Unsubstantiated cash contributions are not deductible.
- 5** Noncash contributions of household items must be in good or better condition to qualify for a deduction. A single household item valued at \$500 or more qualifies as a deductible contribution regardless of its condition, provided you obtain a qualified appraisal of the item.
- 6** Planning to move this summer? Make sure you notify the IRS of your new address by filing Form 8822.

