



Professional Service with a Personal Touch
Accounting • Tax • Financial Planning

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On December 20, 2006 President Bush into law the **TAX RELIEF AND HEALTH CARE ACT OF 2006**. Many of the provisions of this legislation extended some of the current laws due to end December 31, 2005 to the end of 2007. Some of the more relevant portions of this act include:

1. **EXTENDING THE OPTIONAL STATE AND LOCAL SALES TAX DEDUCTION**
2. **EXTENDING THE ABOVE THE LINE DEDUCTION FOR PAYMENTS OF TUITION AND FEES REQUIRED FOR THE TAXPAYER, THEIR SPOUSE, OR ANY CLAIMED DEPENDENT TO ENROLL OR ATTEND COLLEGE.**

The maximum amount of the deduction is \$ 4,000 for the taxpayer whose modified adjusted gross income does not exceed \$65,000 (\$130,000 if they file a joint return) and \$ 2,000 for the taxpayer whose modified adjusted gross income does not exceed \$80,000 (\$160,000 if they file a joint return).

3. **EXTENDING TEACHERS DEDUCTION FOR CLASSROOM EXPENSES.**

Elementary or High School teachers are permitted to take an above the line deduction for up to \$250 of educators expenses for books, supplies, computers (including software) and other equipment, and supplementary materials used by the educator in the classroom.

Because of the late passage of these extenders, the 2006 tax forms do not contain specific lines for entering the deductions and processing of tax returns that include these extender items will be delayed until February 3rd, 2007. Provisions have been made to include the extenders on the current 2006 tax forms. For more information on these provisions, please go to www.irs.gov and click on the topic **FEB 3 START DATE FOR PROCESSING RETURNS CLAIMING CERTAIN DEDUCTIONS**.

Beginning next month and extending through the month of April, our monthly newsletter will direct you to the Tax Seasonal Tax Tips offered by the Internal Revenue Service. It is our hope that the Tax Tips offered during this period will help you prepare your tax information and assist you in claiming your maximum deductions for the 2006 Tax Year.

Until next time,

Charlie

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