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## MONEY

### INCOME TAXES

### IT'S CRUNCH TIME

Uncle Sam is giving tax credits to most working families and some will get more for special cases, such as couple adopting a child.

**By Donna Gehrke-White**

**Special to The Miami Herald**

Take heart if you have procrastinated on finishing your 2010 income taxes: You may not owe as much as you think.

Uncle Sam has bestowed tax credits to adoptive parents, college students, the self-employed and the energy conscious. Many can save taxpayers thousands of dollars. Some are partially or fully refundable.

Meanwhile, Floridians benefit with the feds, who are allowing another year for taxpayers to deduct sales tax, said Mark Daily, who owns a Jackson Hewitt Tax Service in Cutler Bay. That can shave off hundreds of dollars on 2010 federal income taxes, especially if a big purchase was made, such as a car, he said.

"People are looking for tax savings. Money is tight," Daily said.

The bad news is that the unemployed in 2010 will not get a tax break like the jobless did a year earlier, he said. Those receiving unemployment checks will have to pay taxes on the full amount. In 2009, the jobless did not have to pay taxes on their first \$2,400 in unemployment benefits.

Most South Floridians can expect to spend hours on finishing their taxes; the average taxpayer labored 9.4 hours. The federal tax paperwork is more complicated than ever. Just the published 2010 tax guide has more than 269 pages of instructions.

"Double check and double check," advised **Sheri Schultz**, a CPA and partner with **Fiske & Company** in Plantation. "Make sure you don't make silly mistakes."

The most common error is not writing correctly a Social Security number on tax forms, said Michael Dobzinski, an IRS spokesman based in Fort Lauderdale.

Still, even with all the complications and extra detail work, nearly 60 percent of American families had already slogged through the forms to file almost two weeks ahead of the deadline, Dobzinski said.

Most filed electronically; the feds have free online forms and companies provide free software programs if taxpayers earned less than \$58,000 a year. That's about 70 percent of all filers, Dobzinski said.

Procrastinators can thank a Washington, D.C., holiday for pushing the traditional midnight April 15 deadline to midnight April 18, Dobzinski added.

"People have a few extra days to file," he said.

That deadline extension is also being given to people to set up IRA accounts or to add to existing ones for the money to be considered given in 2010, accountant Schultz said.

This year, she said, it is especially important to be aware of expanded federal tax credits, which directly take off what you owe or in some cases give taxpayers the chance to collect from Uncle Sam if they don't owe as much in taxes as the credit is worth.

Parents, for example, can claim as much as \$13,170 per child adopted in 2010, Schultz said. For the first time, that credit is refundable, she said. That means if a family qualified for the full credit but only owes \$2,000 in 2010 federal income taxes, Uncle Sam would send them \$11,170.

"That's significant — people can buy more for their kids," Schultz said.

Also, for the first time, the feds will give up to \$1,000 to college students — or their paying parents — if their taxes were less than what they paid for tuition, books and other costs.

The self-employed will get some help from Uncle Sam in paying their health insurance.

Independent workers are allowed a health insurance deduction that can be taken directly off their 2010 income instead of including it with other medical expenses that can only be deducted after the bills exceed 7.5 percent of a taxpayer's income, Schultz said.

Homeowners also don't have to pay as much in taxes if they installed solar panels or other energy savers, Schultz said.

The credit is 30 percent of the cost with no limit, she said. So if solar panels cost \$20,000, a family would receive a \$6,000 tax credit.

The feds were also giving out tax credits for hybrid or electric cars, depending on the type of vehicle.

After you have spent hours on your taxes and a problem arises, don't worry: There is help, Schultz said. The IRS has set up an independent arm, the Taxpayer Advocate Service, to assist people in financial crisis or for those who have a tax problem. Staffers are diligent about helping, Schultz said.

"One of my clients had a problem and they got to the bottom of it," Schultz added.