

Pay attention to restored deductions for 2012

A number of tax breaks that had expired at the end of 2011 or were to expire at the end of 2012 were extended by the recently passed law, the "American Taxpayer Relief Act of 2012." Keep these deductions and credits in mind as you gather the paperwork for filing your 2012 tax return. Those that apply to you or your business could cut your 2012 tax bill.

FOR INDIVIDUALS. The law restored for 2012 through 2013 the following tax breaks:

- * The optional deduction for state and local sales taxes instead of deducting state and local income taxes.
- * The above-the-line deduction for up to \$4,000 for qualified tuition and related expenses.
- * The deduction for mortgage insurance premiums.
- * The above-the-line deduction for up to \$250 for classroom supplies purchased by teachers.
- * The exclusion from income for cancellation of mortgage debt of up to \$2 million on a principal residence.

FOR BUSINESSES. Included in the law's provisions were the following items that could affect your business:

- * The Section 179 first-year expensing option was increased retroactively for 2012 and extended through 2013 at \$500,000 for the purchase of new and used equipment. The investment limit is set at \$2,000,000.
- * 50% bonus depreciation, which applies only to new equipment purchases, was extended through 2013.
- * Both the research tax credit and the Work Opportunity Tax Credit were extended through 2013.

For assistance in identifying and utilizing all the tax deductions, both new and old, to which you are entitled, please give us a call.