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What's Happening in the IRS World

Tax Breaks for the Unemployed

If you have been laid off or had to take a salary cut last year, you are eligible for some tax breaks from the IRS. At the same time, you do have to pay your taxes on certain types of income. Here's what you need to know:

Firstly, if you have lost your job or been furloughed, took a salary cut or had to work reduced hours, you might qualify for the Earned Income Tax Credit benefit. Your eligibility would depend on your salary, tax and family situation. Since this tax break is specifically for the benefit of the poor, if you earn less than \$48,279, you could qualify for it. For example, a person who files his tax returns as the head of a household with one qualifying child and who earns not more than \$35,463 could receive a credit for \$3,043.

Secondly, your severance salary, sick leave pay, unemployment benefits and money you received for vacations accrued are all taxable. However, under the American Recovery and Reinvestment Act (ARRA) the first \$2,400 of benefits you received in 2009 will be exempted from taxes.

Thirdly, the amount you spend in trying to get another job in your same profession is deductible from your taxable income, even if you were not successful in landing the job. More information can be obtained from IRS Publication 529 and the IRS website, www.irs.gov.

Carwash Owes IRS Four Cents

Harv's Metro Carwash in Midtown, Sacramento owes the IRS money, but it is not a debt of millions of dollars as you might expect. The carwash owes the IRS four cents in back taxes!

Penalties, interests and late fees have brought the amount to its present day \$202.35. The owners of the carwash were ignorant of the existence of the overdue taxes all this while and learned about it only this week when IRS officers paid them a visit.

According to the IRS, their procedure is to send out notices for payment to delinquent taxpayers for one year before their officers go a-calling. The actual amount of unpaid taxes is immaterial.

Aaron Zeff, the owner of the carwash, did confirm receiving a notice from the IRS, once. It was a letter last October stating that tax returns have been filed and confirming there was no outstanding balance. Furthermore, car wash companies are regulated by the state thus ensuring that their returns are filed and taxes paid each year as they fall due.

Darrin T. Mish is a veteran, nationally recognized tax attorney who has focused on providing IRS help to taxpayers for over a decade. He regularly travels the country training other attorneys, CPAs and enrolled agents on how to handle their toughest cases with the IRS. He is highly ranked among the top attorneys in the country, with an AV rating from Martindale-Hubbell and a perfect 10 on Avvo.com. Martindale-Hubbell has also honored him with a listing in their Bar Register of Preeminent Lawyers. He is a member of the American Society of IRS Problem Solvers and the Tax Freedom Institute. With clients on every continent but Antarctica, he has what it takes to solve your IRS problems no matter where you live in the world. If you would like more information about his practice and how he can help you, please call his office at (813) 229-7100 or toll free at 1-888-GET-MISH.