What's New for 2009

This section summarizes the important changes that take effect in 2009 that could affect your estimated tax payments for 2009. More information on these and other changes can be found in Publication 553.

IRA income limits. You may be able to take an IRA deduction if you were covered by a retirement plan and your 2009 modified adjusted gross income is less than $65,000 ($109,000 if you are married filing jointly or a qualifying widow(er)).

Credit for plug-in electric drive motor vehicle. You may be able to take a credit if you place a plug-in electric drive motor vehicle in service in 2009.

Credit for nonbusiness energy property. You may be able to take this credit for qualifying energy savings items for your home placed in service in 2009.

Alternative minimum tax (AMT) exemption amount decreased. The AMT exemption amount will decrease to $33,750 ($45,000 if married filing jointly or a qualifying widow(er); $22,500 if married filing separately).

Qualifying child definition revised. The following changes to the definition of a qualifying child apply to years after 2008.

- Your qualifying child must be younger than you.
- A child cannot be your qualifying child if he or she files a joint return, unless the return was filed only as a claim for refund.
- If the parents of a child can claim the child as a qualifying child but no parent so claims the child, no one else can claim the child as a qualifying child unless that person's adjusted gross income (AGI) is higher than the highest AGI of any parent of the child.
- Your child is a qualifying child for purposes of the child tax credit only if you can and do claim an exemption for him or her.

Personal casualty and theft loss limit. Generally, a personal casualty or theft loss must exceed $500 to be allowed for 2009. This is in addition to the 10% of AGI limit that generally applies to the net loss.

Reminders

Listed below are important reminders and other items that may help you file your 2008 tax return. Many of these items are explained in more detail later in this publication.

Write in your social security number. To protect your privacy, social security numbers (SSNs) are not printed on the peel-off label that comes in the mail with your tax instruction booklet. This means you must enter your SSN in the space provided on your tax form. If you filed a joint return for 2007 and are filing a joint return for 2008 with the same spouse, enter your names and SSNs in the same order as on your 2007 return. See chapter 1.

Secure your tax records from identity theft. Identity theft occurs when someone uses your personal information such as your name, social security number (SSN), or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, etc., contact the IRS Identity Theft Hotline at 1-800-908-4490.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a systemic problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common form is the act of sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request detailed personal information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward the message to: phishing@irs.gov. You may also report misuse of the IRS name, logo, forms or other IRS property to the Treasury Inspector General for Tax Administration toll-free at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit the IRS website at www.irs.gov to learn more about identity theft and how to reduce your risk.

Taxpayer identification numbers. You must provide the taxpayer identification number for each person for whom you claim certain tax benefits. This applies even if the person was born in 2008. Generally, this number is the person's social security number (SSN). See chapter 1.

Individual retirement arrangements (IRAs). The following paragraphs highlight information that affects IRAs.

Combat pay. For purposes of taking an IRA deduction, earned income includes any nontaxable combat pay received by a member of the U.S. Armed Forces.

Catch-up contributions in certain employer bankruptcies. You may be able to deduct up to an additional $3,000 contributed to your IRA if you were a participant in a 401(k) plan and your employer was in bankruptcy in an earlier year. See Publication 590, Individual Retirement Arrangements (IRAs).

Qualified charitable distributions. If you have reached age 70½, you can make a qualified charitable distribution directly from your IRA to a qualified organization. You do not include the distribution in your income. See Publication 590, Individual Retirement Arrangements (IRAs), for more information.

Mortgage insurance premiums. You may be able to treat mortgage insurance premiums paid in connection with home acquisition debt as home mortgage interest. See chapter 23.

Qualified joint venture. A qualified joint venture conducted by you and your spouse may not be treated as a partnership if you file a joint return for the tax year. See chapter 12.

New recordkeeping requirements for cash contributions. You cannot deduct a cash contribution, regardless of the amount, unless you keep as a record of the contribution a bank record (such as a canceled check, a blank copy of a canceled check, or a bank statement containing the name of the charity, the date, and amount) or a written communication from the charity. The written communication must include the name of the charity, date of the contribution, and amount of the contribution. See chapter 24.

Foreign source income. If you are a U.S. citizen with income from sources outside the United States (foreign income), you must report all such income on your tax return unless it is exempt by U.S. law. This is true whether you reside inside or outside the United States and whether or not you receive a Form W-2 or 1099 from the foreign payer. This applies to earned income (such as wages and tips) as well as unearned income (such as