

# IRS NEWS & INQUIRER

## What's the Answer?

*I am a single parent raising a teenage son as well as taking care of my mother. Are there any tax breaks for supporting your parent?*

More and more taxpayers find themselves in your position. Fortunately, there are some tax breaks to ease your load.

Claim your parent or parents as dependents. This can be done in some cases when you provide as little as \$1 more than 10% of their support.

Shift income and deductions to benefit the one in a higher tax bracket. Say your mother has stock that cost her \$10,000 but is worth \$5,000 now. Her income is too low to benefit from the \$5,000 loss.

Buy the stock from her. You'll owe no tax on any sale up to \$10,000. If you'd like to take the loss and keep it in the family, sell to an in-law.

07/11

## Get FREE Tax Help!

Are you taking advantage of every tax break you can use? Call for your **FREE** analysis.

**404.762.1030**

Bill Davis Tax & Accounting  
673 North Central Avenue  
Hapeville Georgia 30354-1920  
[www.billdavistax.com](http://www.billdavistax.com)

## What's Happening?

### Is New Bonus Depreciation a Huge Refund Maker for You?

It could be. The new Small Business Job and Credit Act allows a 100% bonus depreciation deduction for assets acquired after Sept. 8, 2010, and placed in service by Dec. 31, 2011. For 2012 the deduction will drop back down to 50% without the new loss carry-back feature.

Businesses will be able to use this to take a refund from a prior year if the depreciation triggers a loss. For example, if you bought a piece of new equipment, you could create a tax loss, by electing to take that bonus depreciation. And if there had been profits in the past couple of years, you could carry any excess loss back and recover taxes paid in the previous two years.

But there is a catch. A special rule will only allow you to take this deduction if your business is profitable. So some struggling companies won't be able to utilize the loss to get back tax dollars paid in the past.

If you have questions or want to take advantage of this new deduction, call me at 404.762.1030 or email [bill@billdavistax.com](mailto:bill@billdavistax.com). **Do it today!** This strategy, like many of the other tax cuts of value, must be set up properly to get the fullest benefit. Legitimately saving you more tax dollars is our goal.

### Man Wins 2 Million Dollars Still Gets Food Stamps.

Leroy Fick of Bay County said in an interview with WNEM-TV that he still uses his card at stores despite winning a jackpot on "Make ME Rich!" last June (2010). "I even called them and asked about the card and was told you can go ahead and keep it if you want to," Fick told the station. Mr. Fick says he paid more than half of his winnings (\$1 million, 150 thousand) in taxes—leaving him about \$850,000.

Michigan State Department of Human Services spokeswoman Gisgie Gendreau told MyFoxDetroit.com that under federal guidelines, lottery winnings are not counted as income if a person receives a lump-sum payment.

This reveals at least two truths: 1. Government (federal, state and local) got the bigger share of his money. 2. When considering poverty in most cases it is based on income and not the net worth of the individual.