

What's New

If there are additional changes to the 2010 tax law, you can find them at www.irs.gov/form1040.

Due date of return. File Form 1040 by April 18, 2011. The due date is April 18, instead of April 15, because of the Emancipation Day holiday in the District of Columbia—even if you do not live in the District of Columbia.

Limits on personal exemptions and overall itemized deductions ended. For 2010, you will no longer lose part of your deduction for personal exemptions and itemized deductions, regardless of the amount of your adjusted gross income (AGI).

Self-employed health insurance deduction. Effective March 30, 2010, if you were self-employed and paid for health insurance, you may be able to include in your deduction on line 29 any premiums you paid to cover your child who was under age 27 at the end of 2010, even if the child was not your dependent. For 2010, the line 29 deduction is also allowed on Schedule SE. See the instructions for line 29 that begin on page 28.

Adoption credit. The maximum adoption credit has increased to \$13,170. The credit is now refundable and is claimed on line 71. See Form 8839.

Alternative minimum tax (AMT) exemption amount increased. The AMT exemption amount has increased to \$47,450 (\$72,450 if married filing jointly or a qualifying widow(er); \$36,225 if married filing separately).

First-time homebuyer credit. You generally cannot claim the credit for a home you bought after April 30, 2010. However, you may be able to claim the credit if you entered into a written binding contract before May 1, 2010, to buy the home before July 1, 2010, and actually bought the home before October 1, 2010. Also, certain members of the Armed Forces and certain other taxpayers have additional time to buy a home and take the credit. See page 69.

Repayment of first-time homebuyer credit. If you claimed the first-time homebuyer credit for a home you bought in 2008, you generally must begin repaying it on your 2010 return. In addition, you generally must repay any credit you claimed for 2008 or 2009 if you sold your home in 2010 or the home stopped being your main home in 2010. See the instructions for line 59 on page 43.

Roth IRAs and designated Roth accounts. Half of any income that results from a rollover or conversion to a Roth IRA from another retirement plan in 2010 is included in income in 2011, and the other half in 2012, unless you elect to include all of it in 2010. The same rule applies to a rollover after September 27, 2010, to a designated Roth account in the same plan. See Form 8606.

You now can make a qualified rollover contribution to a Roth IRA regardless of the amount of your modified AGI.

Standard mileage rates. The 2010 rate for business use of your vehicle is reduced to 50 cents a mile. The 2010 rate for use of your vehicle to get medical care or to move is reduced to 16½ cents a mile.

Personal casualty and theft loss limit reduced. Each personal casualty or theft loss is limited to the excess of the loss over \$100 (instead of the \$500 limit that applied for 2009). See Form 4684.

Divorced or separated parents. A custodial parent who has revoked his or her previous release of a claim to a child's exemption must include a copy of the revocation with his or her return. See page 16.

Domestic production activities income. The percentage rate for 2010 increases to 9%. However, the deduction is reduced if you have oil-related qualified production activities income. See page 33.

Decedents who died in 2010. For special rules that may apply to decedents who died in 2010, including rules for property acquired from a decedent who died in 2010, see new Pub. 4895.

Expired tax benefits. The following tax benefits have expired and are not available for 2010.

- Increased standard deduction for real estate taxes or a net disaster loss from a disaster occurring after 2009.
- Itemized deduction or increased standard deduction for state or local sales or excise taxes on the purchase of a new motor vehicle (unless you bought the vehicle in 2009 after February 16 and paid the tax in 2010).

• The exclusion from income of up to \$2,400 in unemployment compensation. All unemployment compensation you received in 2010 generally is taxable.

- Government retiree credit.
- Alternative motor vehicle credit for qualified hybrid motor vehicles bought after 2009, except cars and light trucks with a gross vehicle weight rating of 8,500 pounds or less.
- Extra \$3,000 IRA deduction for employees of bankrupt companies.
- Certain tax benefits for Midwestern disaster areas, including increased Hope and lifetime learning credits and the additional exemption amount if you provided housing for a person displaced by the Midwestern storms, tornadoes, or flooding.
- Credit to holders of clean renewable energy bonds issued after 2009.
- Decreased estimated tax payments for certain small businesses.

Mailing your return. If you are filing a paper return, you may be mailing it to a different address this year because the IRS has changed the filing location for several areas. See *Where Do You File?* on the last page of these instructions.

Disclosure of information by paid preparers. If you use a paid preparer to file your return, the preparer is allowed, in some cases, to disclose certain information from your return, such as your name and address, to certain other parties, such as the preparer's professional liability insurance company or the publisher of a tax newsletter. For details, see Revenue Rulings 2010-4 and 2010-5. You can find Revenue Ruling 2010-4 on page 309 of Internal Revenue Bulletin 2010-4 at www.irs.gov/irb/2010-04_IRB/ar08.html. You can find Revenue Ruling 2010-5 on page 312 of Internal Revenue Bulletin 2010-4 at www.irs.gov/irb/2010-04_IRB/ar09.html.

Preparer e-file mandate. A new law requires some paid preparers to e-file returns they prepare and file. Your preparer may make you aware of this requirement and the options available to you.