

What's New for 2010

This section summarizes important tax changes that took effect in 2010. Most of these changes are discussed in more detail throughout this publication.

Changes are also discussed at IRS.gov. Click on [Forms and Publications](#) and then on [Highlights of Recent Tax Changes](#).

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 self-employed health insurance deduction 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. See [chapter 21](#).

Standard deduction increased. The standard deduction for some taxpayers who do not itemize their deductions on Schedule A of Form 1040 is higher in 2010 than it was in 2009. The amount depends on your filing status. In addition to the annual increase for some taxpayers due to inflation adjustments, your 2010 standard deduction is also increased by:

- Any state or local sales or excise taxes you paid in 2010 on the purchase of a new motor vehicle after February 16, 2009, and before January 1, 2010, and
- Any net disaster loss you had in 2010 because of a disaster that was declared a federal disaster after 2007 and that occurred before 2010.

You can use the [2010 Standard Deduction Worksheet](#) in chapter 20 of this publication to figure your standard deduction. But to increase your standard deduction by taxes paid on the purchase of a new motor vehicle or a net disaster loss, you must use Schedule L (Form 1040A or 1040) and attach it to your return.



At the time this publication went to print, Congress was considering legislation that would provide an increased standard deduction for real estate taxes or for a net disaster loss from a disaster occurring in 2010. To find out if this legislation was enacted, and for more details, see Schedule L (Form 1040A or 1040) or check www.irs.gov/formspubs.

Adoption credit. The adoption credit is now refundable. Also, to claim the credit, you must include an adoption order or decree or certain other documents with your return. See [chapter 37](#).

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 [chapter 37](#).

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 [chapter 37](#).

Roth IRAs. Beginning in 2010, you can make a qualified rollover contribution to a Roth IRA regardless of the amount of your modified AGI.

Also, 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. See chapters [10](#) and [17](#).

Standard mileage rates. For 2010, the standard mileage rate for the cost of operating your car for business use is 50 cents a mile. See [chapter 26](#).

For 2010, the standard mileage rate for the cost of operating your car for medical reasons is 16½ cents a mile. See [chapter 21](#).

For 2010, the standard mileage rate for the cost of operating your car for determining moving expenses is 16½ cents a mile. See Publication 521, Moving Expenses.

Corrosive drywall. You may be able to claim a casualty loss deduction for amounts you paid to repair damage to your home and household appliances that resulted from corrosive drywall. The deduction is limited if you have a pending claim for reimbursement (or intend to pursue reimbursement) through property insurance, litigation, or other means. See [chapter 25](#).

Personal casualty and theft loss limit. 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). In addition, the 10%-of-AGI limit generally continues to apply to the net loss. See [chapter 25](#).



At the time this publication went to print, Congress was considering legislation that would increase the loss limit described above. To find out if legislation was enacted and for more details, see the 2010 Instructions for 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 [chapter 3](#).

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

- Deduction for educator expenses in figuring AGI.
- Tuition and fees deduction in figuring AGI.
- 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).
- Deduction for state and local general sales taxes.
- The exclusion from income of up to \$2,400 in unemployment compensation. All unemployment compensation you received in 2010 generally is taxable.
- The exclusion from income of qualified charitable distributions made from IRA accounts.
- Government retiree credit.

- District of Columbia first-time homebuyer credit (for homes bought after 2009).
- 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 provide 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.
- The allowance of certain credits against the AMT, such as the credit for child and dependent care expenses, credit for nonbusiness energy property, credit for the elderly or the disabled, lifetime learning credit, mortgage interest credit, and District of Columbia first-time homebuyer credit. For most people, these credits are now limited to your regular tax minus any tentative minimum tax.



At the time this publication went to print, Congress was considering legislation that would reinstate many of these expired tax benefits. To find out if this legislation was enacted, and for more details, go to www.irs.gov/formspubs.

Mailing your return. If you are filing a paper return, you may be mailing your return to a different address this year because the IRS has changed the filing location for several areas. See the instructions for the form you file.

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.