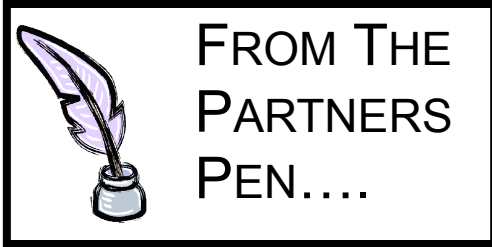
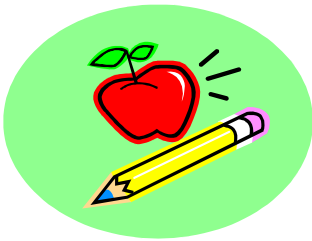


DONOVAN SULLIVAN & RYAN

September 2011

A Newsletter for our Clients and Friends



IMPORTANT UPCOMING TAX DEADLINE

Just a reminder that if your Individual return is on extension, the six month extension due date is **October 17th**.



HOW DO YOUR ITEMIZED DEDUCTIONS COMPARE WITH THOSE OF OTHER FILERS?

Adjusted Gross Income	Taxable Income	Interest Expense	Taxes Paid Deduction	Charity	Medical Expenses Deducted	Total Itemized Deductions
Under \$15,000	\$2,739	\$8,838	\$3,337	\$1,496	\$8,414	\$16,164
\$15,000-29,999	9,279	8,434	3,184	2,048	7,783	15,608
\$30,000-49,999	21,428	8,699	3,943	2,274	7,028	16,404
\$50,000-99,999	46,401	10,133	6,247	2,775	7,269	20,350
\$100,000-199,999	97,042	13,456	11,069	3,888	9,269	28,952
\$200,000-249,999	171,938	17,572	18,524	5,947	21,599	41,595
\$250,000 & above	555,769	25,527	48,317	18,488	38,149	89,432

If you're wondering how your itemized deductions compare with those of other filers, refer to the chart above. It compares key deductions for different adjusted gross incomes using IRS data from 2009 returns. Having above-average deductions does not necessarily trigger an audit. The IRS knows that taxpayers who live in states with a high individual income tax have larger state deductions than those in states with a low tax rate or no tax.

Dear Clients and Friends,

Happy Fall! Where did the summer go? It has slipped away as usual.

With tax season a few months away, now is a good time for me to meet with any new potential clients. As always, I appreciate your referrals of friends and business associates.

The fall season also means tax planning and preparation for the upcoming filing season. I will be meeting with many clients to review the first nine months operations and prepare tax projections. If you would like to schedule an appointment, please contact me.

Our staff is busy attending tax and accounting seminars to stay abreast of all the latest changes for the 2011 tax season. This will enable us to achieve our goal to provide you with the best possible service.

Sincerely,

Mike Ryan

September 11th



We will never forget....

"More than accountants....business advisors"

BACK-TO-SCHOOL TIPS FOR STUDENTS AND PARENTS PAYING COLLEGE EXPENSES

Whether you're a recent high school graduate heading to college for the first time or a returning college student, it's time to get to campus – and payment deadlines for tuition and other fees are not far behind. The Internal Revenue Service reminds students or parents paying such expenses to keep receipts and to be aware of some tax benefits that can help offset college costs.



Typically, these benefits apply to you, your spouse or a dependent for whom you claim an exemption on your tax return.

1. American Opportunity Credit This credit, originally created under the American Recovery and Reinvestment Act, has been extended for an additional two years – 2011 and 2012. The credit can be up to \$2,500 per eligible student and is available for the first four years of post secondary education. Forty percent of this credit is refundable, which means that you may be able to receive up to \$1,000, even if you owe no taxes. Qualified expenses include tuition and fees, course related books, supplies and equipment. The full credit is generally available to eligible taxpayers whose modified adjusted gross income is below \$80,000 (\$160,000 for married couples filing a joint return).

2. Lifetime Learning Credit In 2011, you may be able to claim a Lifetime Learning Credit of up to \$2,000 for qualified education expenses paid for a student enrolled in eligible educational institutions. There is no limit on the number of years you can claim the Lifetime Learning Credit for an eligible student, but to claim the credit, your modified adjusted gross income must be below \$60,000 (\$120,000 if married filing jointly).

3. Tuition and Fees Deduction This deduction can reduce the amount of your income subject to tax by up to \$4,000 for 2011 even if you do not itemize your deductions. Generally, you can claim the tuition and fees deduction for qualified higher education expenses for an eligible student if your modified adjusted gross income is below \$80,000 (\$160,000 if married filing jointly).

4. Student loan interest deduction Generally, personal interest you pay, other than certain mortgage interest, is not deductible. However, if your modified adjusted gross income is less than \$75,000 (\$150,000 if filing a joint return), you may be able to deduct interest paid on a student loan used for higher education during the year. It can reduce the amount of your income subject to tax by up to \$2,500, even if you don't itemize deductions.

For each student, you can choose to claim only one of the credits in a single tax year. However, if you pay college expenses for two or more students in the same year, you can choose to take credits on a per-student, per-year basis. You can claim the American Opportunity Credit for your sophomore daughter and the Lifetime Learning Credit for your senior son.

You cannot claim the tuition and fees deduction for the same student in the same year that you claim the American Opportunity Credit or the Lifetime Learning Credit. You must choose to either take the credit or the deduction and should consider which is more beneficial for you.

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