

## **ADDITIONAL TAX CHANGES 2011**

### **Hope Credit (American Opportunity Credit)**

For expenses (tuition, fees, books) paid after Dec 31, 2008 for any of the first four years of college may be able to claim the modified Hope Credit up to \$2,500.



### **Lifetime Learning Credit**

For expenses paid after June 30, 1998, for academic periods beginning after that date, you may be able to claim a Lifetime Learning Credit of up to \$2,000 for the total qualified tuition and related expenses paid during the tax year for all eligible students.

### **Education Individual Retirement Arrangement (IRA)**

You may be able to contribute up to \$500 each year to an education IRA for a child under age 18.

### **Individual Retirement Arrangements (IRAs) and Roth IRAs**

The annual amounts have been increased to \$5,000, and \$6,000 if age 50 or older by 12/31/2011.

### **Deductible Student Loan Interest**

You may be able to deduct interest you pay on a qualified student loan paid after 1997. This applies to loan interest payments due and paid after 1997. The maximum deduction for 2011 is \$2,500.

For more information on any of these changes, contact Brabb at  
<http://billbrabble.com/>  
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## **Maryland Tax Updates 2011**

### **Military Retirement Income Deduction up to \$5,000.00**

#### **Quality Teacher Incentive**

A new credit of up to \$1,500 against the state income tax for tuition paid by qualifying classroom teachers is available for tax year 2011.

#### **Earned Income Credit**

Maryland now offers a refundable earned income credit, even if you do not have to file a tax return.

#### **Child and Dependent Care Credit**

There is a new credit against the state income tax for expenses paid by an eligible individual during tax year 2011 for the care of a qualifying dependent.

#### **Pre-paid College Trust**

Two state tax breaks have been created in conjunction with the new Maryland Prepaid College Trust program.

#### **Long-term Care Insurance Credit**

Individuals may claim a credit against state income tax for eligible long-term care premiums.

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