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2009 Tax Incentives

Tax Incentives for Individuals

Check with your tax advisor about the following 5 American Recovery and Reinvestment Act 2009 tax incentives:

- 1. First-time homebuyer \$8,000 tax credit extended to April 30, 2010 and expanded to include a maximum \$6,500 tax credit for existing homeowners who want to purchase a new home**, however, they need to have lived in their current home for five consecutive years within the past eight years. The level of qualifying income has also been expanded, allowing individual taxpayers who make up to \$125,000 and joint filers earning up to \$225,000 to qualify.
- 2. New vehicle purchase incentive** – Qualifying taxpayers can deduct the state and local sales and excise taxes paid on the purchase of new cars, light trucks, motor homes and motorcycles. The deduction per vehicle is limited to the tax on up to \$49,500 of the purchase price of each qualifying vehicle and phases out for tax payers at higher income levels. The deduction is available regardless of whether taxpayers itemize deductions on their returns.
- 3. Tax Credit for First Four Years of College** – The American Opportunity Credit can help parents and students pay part of the cost of the first four years of college. The new credit modifies the existing Hope Credit for tax years 2009 and 2010, making it available to a broader range of taxpayers. Eligible taxpayers may qualify for the maximum annual credit of \$2,500 per student.
- 4. Certain Computer Technology Purchases** has been added to the list of college expenses that can be paid for by a qualified tuition program, commonly referred to as a 529 plan. For 2009 and 2010, the law expands the definition of qualified higher education expenses to include computer technology and equipment or Internet access and related services.
- 5. Energy-Efficient Home Improvements** – The credit for non-business energy-efficient improvements is increased for homeowners who make qualified improvement to existing home. Qualifying improvements include the addition of insulation, energy-efficient exterior windows and energy-efficient heating and air conditioning systems.

For more information on these and other key tax provisions of the Recovery Act, consult your tax advisor.

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