

New Federal Tax Incentives for 2009

Below are the tax changes made that may affect your tax situation for 2009. These credits have income and cost limitations so please do not assume they all apply to your particular situation. For more details or if you have a question on how one of these will apply to you, please give us a call.

First Time Homebuyers: For home purchases made before April 30, 2010, there is a 10% tax rebate up to \$8,000. Repayment of the rebate is eliminated after 36 months in the home. To qualify you must not have owned a home in the last 3 years. There is also new tax credit for existing homeowners purchasing a new home. This credit is 10% up to \$6,500.

New Car Purchase Deduction: State and local sales tax paid on the purchase of a new vehicle (car, truck, motorcycle, motorhome) is tax deductible in 2009.

Expanded College Tuition Tax Credit: The Hope credit has been replaced by American Opportunity Tax Credit. The new credit is a maximum of \$2,500 per eligible student per year for all four years of post-secondary education. Qualifying expenses now include course materials in addition to tuition.

Unemployment Compensation: In 2009 only, the first \$2,400 of unemployment benefits received are tax-free. The remainder is taxed as ordinary income.

Residential Energy Savings Credits: For 2009 and 2010, the energy credits have been raised to 30% of cost up to \$1,500. Property that qualifies includes insulation materials, exterior windows and doors, central air conditioners, natural gas, propane or oil water heaters and furnaces, hot water boilers, electric heat-pump water heaters, certain metal roofs and stoves and advanced main air-circulating fans. The State of Michigan, in addition to the above items, will allow a 10% tax credit (up to \$150) on qualifying new refrigerators, dishwashers and washing machines. Before making your purchase ask the manufacturer (or check www.energystar.gov) to make sure it qualifies for the tax credit. You will need certification to make a claim for these tax credits.