

The background of the slide is a close-up photograph of several bright yellow flowers with red stamens, arranged in a circular pattern around the center. The flowers are in sharp focus, with some in the foreground and others slightly blurred in the background.

# Acuity<sup>LLP</sup>

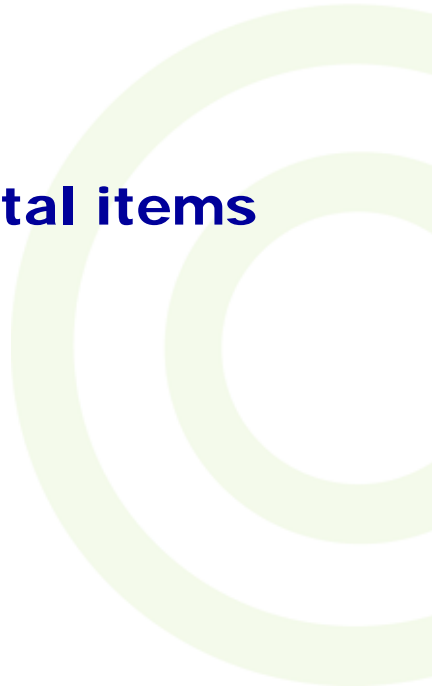
CERTIFIED PUBLIC ACCOUNTANTS

Wendell Lee, CPA, M.T., Partner





# Overall

- \$800 Billion Stimulus
  - \$300 Billion in Tax Relief
  - \$500 Billion for infrastructure and other capital items
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## Major Provisions

- **Over 300 changes to Internal Revenue Code**
- **Making Work Pay Credit**
- **Child Tax Credit**
- **Homebuyer Credit**
- **Alternative Minimum Tax (AMT) Patch**
- **Energy Incentives**
- **Bonus Depreciation**
- **Section 179 Expensing**
- **Net Operating Loss Carrybacks**





## Individuals

- **Making Work Pay Credit**
  - \$400 (single) or \$800 (MFJ) credit
  - Credit against income tax
    - Lesser of 6.2% of earned income or \$400/\$800
    - Available 2009 and 2010
    - Full credit at \$75,000 or \$150,000 MAGI
    - Phases out at rate of 2% of MAGI above limit (fully phases out at \$125,000 or \$200,000)
  - Credit available through reduction in wage withholding or lump-sum when filing tax returns.



## Individuals

- **\$250 Economic Recovery Payment**
  - One time payment of \$250
    - Social Security recipients
    - Railroad retirees
    - Disabled veterans
  - Payment reduces Making Work Pay Credit

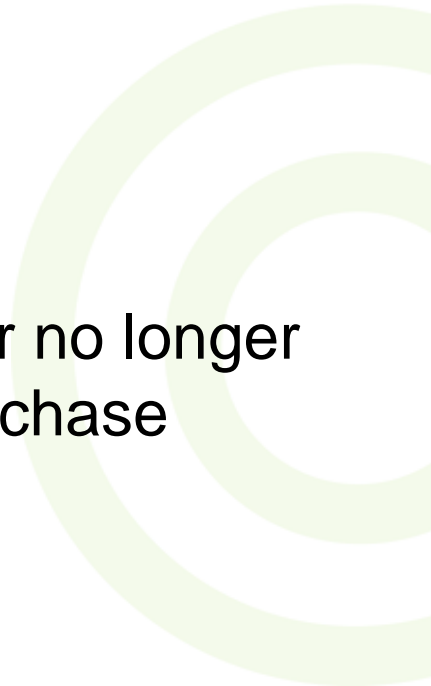
## Alternative Minimum Tax Patch

	2008	2009	2009 w/o patch
Married filing jointly & surviving spouse	\$69,950	\$70,950	\$45,000
Single and heads of household	\$46,200	\$46,700	\$33,750
Married filing separately	\$34,975	\$35,475	\$22,500



## Individuals

- **First Time Homebuyer Tax Credit**

- \$8,000
  - Purchases before December 1, 2009
  - Eliminates regular recapture rule
  - Accelerated recapture rule applies if sold or no longer principal residence within 36 months of purchase
  - Phases out at \$75,000/\$150,000 AGI
  - Purchase takes place when title closes
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## Individuals


- **New Car Deduction**

- Above-the-line deduction for state and local sales or excise taxes
- Deductible as part of standard deduction or as an itemized deduction
- Limitation
  - Up to \$49,500 of the purchase price, and
  - Deduction phased out for MAGI greater than \$125,000/\$250,000.
- Cars, SUV's, light trucks or motorcycles no more than 8,500 pounds
- Effective February 17, 2009 to December 31, 2009




# Individuals

- **Education Credit**

- Hope Credit renamed the “American Opportunity Credit”
  - Increased/expanded for 2009 and 2010
  - Credit increased from \$1,800 to \$2,500 a year
  - Phase out \$80,000/\$160,000 AGI
  - Effective January 1, 2009
  - Based upon when tuition paid
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## Individuals

- **Child Tax Credit**
    - \$1,000 per child
    - New law increases refundable portion of credit
  - **Unemployment Compensation**
    - Excludes \$2,400 from federal taxation
  - **Transit Benefits Parity**
    - Tax free fringe benefit from \$120 to \$230 per month
    - Transit passes, van pooling, and qualified parking
    - Effective March 1, 2009
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## Individuals

- **529 College Savings**
  - Tax free distributions can be used for computer technology equipment and internet access
  - Effective 2009 and 2010




## Business Incentives

- **Bonus Depreciation**

- Extends 50% first year bonus depreciation through December 31, 2009
  - Depreciable property with recovery period of 20 years or less
  - Purchased computer software
  - Qualified leasehold improvements
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## Business Incentives

- **Higher Caps on Vehicle Depreciation**
    - Increases cap by \$8,000 similar to 2008 cap increase
  - **Code Sec. 179 Expensing**
    - Same as 2008
    - \$250,000 limitation
    - Reduced by amount by which 179 property placed in service exceeds \$800,000
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## Business Incentives

- **Net Operating Carryback**
  - 5 year carryback (versus 2 years)
  - Only for net operating losses beginning or ending in 2008
  - Available to business with average gross receipts of \$15 million or less
  - Choice of carryback NOL 3, 4 or 5 years
  - Corporation must file 2008 return and then file for NOL Carryback using form 1139
  - Individuals must file Form 1045 after filing individual tax return



## Business Incentives

- **Qualified Small Business Stock**
  - 75% gain exclusion on sale of small business stock acquired after February 17, 2009 and before January 1, 2011
  - Small business with asset less than \$50 million
- **S Corp Built-In Gain Period**
  - Shortened from 10 years to 7 years
  - 2009 and 2010




## Business Incentives

- **Estimated Taxes for Individual with Small Business**
  - For 2009, required annual payment is lesser of (1) 90% of tax per 2009 return and (2) 90% of tax per 2008 return
  - Available to taxpayers with AGI less than \$500,000 on the prior year return and who certify that >50% of the prior year's income was from a small business
  - Small business is less than 500 employees



## Business Incentives

- **COBRA Benefits**

- Government will pay 65% of COBRA for certain separated individuals through old employer
  - Individuals separated between September 1, 2008 through December 31, 2009
  - Employee pays 35% of coverage to employer
  - Employer pays 65% of coverage
  - Employer receives a credit against income tax withholding and payroll taxes withholding
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# Energy Incentives

- Residential Energy Property Credit
  - Increase 10% to 30%
  - Raises cap to \$1,500
  - Property placed in service in 2009 and 2010
  - Types of property eligible
    - Insulation materials
    - Exterior windows
    - Skylights
    - Exterior doors
    - Central air conditioning
    - Natural gas
    - Propane gas
    - Heat pumps



## Energy Incentives

- Residential Energy Efficient Property Credit
  - Removes individual dollar credit (was \$2,000)
  - Types of property
    - Solar electric property
    - Solar hot water
    - Geothermal heat pumps
    - Wind energy
    - Fuel cells (\$500 limit)



# QUESTIONS?

**This presentation can be downloaded at our  
website**

**[accuityllp.com](http://accuityllp.com)**



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