

GUIDE TO CERTAIN INDIVIDUAL AND BUSINESS INCOME TAX PROVISIONS

AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

<u>Benefits for Individuals</u>	<u>Benefits for Families</u>	<u>Helping the Unemployed</u>	<u>Helping Small Businesses</u>
<p>Making Work Pay Tax Cut. Provides immediate and sustained tax relief to about 95 percent of workers and their families through a refundable tax credit of \$400 per worker and \$800 per couple. Taxpayers will need to claim the credit on their 2009 returns, but most taxpayers will begin to receive this benefit immediately through a reduction in the amount of income tax that is withheld from their paychecks. Those who do not receive the full credit or any portion of the credit through withholding reductions will receive the full credit or the remaining portion through claiming the credit on their 2009 tax returns.</p> <p>Improving Tax Credit for First-Time Homebuyers. Increases the first-time homebuyer's tax credit from \$7,500 to \$8,000 and removes the current repayment requirement (for homes purchased between 1/1/09 and 11/30/09). This credit is generally claimed on your 2009 return.</p> <p>Tax Deduction for Vehicle Purchases. Provides a tax deduction for state and local sales taxes paid on the purchase of new cars, including light trucks and SUVs. This credit is claimed on your 2009 return.</p> <p>Provides a one-time \$250 payment to seniors, disabled veterans, SSI recipients, and certain State and Federal pensioners. These payments are expected to begin to be sent out in May.</p>	<p>Expanding Child Tax Credit. Cuts taxes for the families of nearly 16 million children through an expansion of the child tax credit. This credit is claimed on your 2009 return.</p> <p>Expanding Earned Income Tax Credit. Expands the Earned Income Tax Credit by providing tax relief to families with three or more children and increasing marriage penalty relief. This credit is claimed on your 2009 return.</p> <p>Creating A New, More Generous College Tax Credit. Helps more than 4 million additional students attend college with a new, \$2,500 tax credit for families, which is partially refundable. This credit is claimed on your 2009 return.</p> <p>Protecting from Alternative Minimum Tax. Protects 26 million middle-class families from being hit by the alternative minimum tax in 2009.</p>	<p>Extends Unemployment Benefits an additional 33 weeks. Increases unemployment benefits by \$25 per week.</p> <p>Provides access to healthcare by paying 65% COBRA payments for nine months. Also allows an opportunity for some who originally rejected coverage to re-enroll without penalty. This subsidy is currently in place, and you should contact your former plan administrator (or your former employer) for information.</p> <p>Temporarily suspends the taxation of unemployment benefits (up to \$2,400 of benefits).</p> <p>Provides funding for job training programs that target dislocated workers, veterans, the disabled and youth.</p> <p>Provides \$500 million to match unemployed individuals to job openings through state employment agencies.</p> <p>Jobs for Unemployed Veterans and Disconnected Youth. Provides businesses with a tax credit for hiring recently discharged, unemployed veterans and youth that have been out of work and out of school for the 6 months prior to hire. This credit is claimed on the business' 2009 return.</p>	<p>Bonus Depreciation. Helps businesses quickly recover costs of new capital investments by extending the increased bonus depreciation for businesses in new plants and equipment in 2009. This credit is claimed on the business' 2009 return.</p> <p>Small Business Expensing. Extends enhanced small business expensing, which doubles the amount small businesses can immediately write off their taxes for capital investments and purchases of new equipment made in 2009 from \$125,000 to \$250,000. This credit is claimed on the business' 2009 return.</p> <p>Small Business Loss Carrybacks. Increases cash flow by providing a 5-year carryback of 2008 net operating losses for small businesses. This credit is claimed on the business' 2009 return.</p> <p>Spurring Investments in Small Businesses. Spurs investments in small businesses by cutting the capital gains tax on investors in small businesses who buy stock (in the next two years) and hold it for more than five years.</p> <p>3% Government Withholding. Delays the mandate that federal, state, and local governments withhold 3 percent of payments to businesses for goods and services, which is supported by the National Small Business Association.</p>