

TAX BENEFITS UNDER THE RECOVERY ACT

As of March, 2011

BENEFIT	GROUPS THAT BENEFIT	TAXPAYERS IMPACTED	EST. COST (\$M)	EST. BENEFIT	DESCRIPTION	PERIOD COVERED	FOR MORE INFORMATION
MAKING WORK PAY	Working individuals/families	116.3M	\$116,199	\$104,126	Provides a refundable tax credit up to \$400 for working individuals and \$800 for working families, beginning December 31, 2008. This tax credit is calculated at a rate of 6.2 percent of earned income, and phases out for taxpayers with adjusted gross incomes over \$75,000 (\$150,000 for married couples filing jointly). Taxpayers can reduce the amount of income tax withheld from their paychecks or claim the credit on their tax returns.	2009-2010	http://www.irs.gov/newsroom/article/0,,id=204447,00.html
INDIVIDUAL TAX CREDITS							
EARNED INCOME TAX CREDIT	Families with 3 or more children	18.2M	\$4,663	\$5,127.0	Increased the earned income tax credit to 45% of the first \$12,950 of earned income for families with three or more children. This tax credit is claimed when filing tax returns.	2009-2010	http://www.irs.gov/individuals/article/0,,id=96406,00.html
CHILD TAX CREDIT	Families	15.6M	\$14,830	\$18,439.0	Temporarily lowered the phase-in amount to \$3,000.	2009-2010	http://www.irs.gov/newsroom/article/0,,id=106182,00.html
AMERICAN OPPORTUNITY TAX CREDIT	Individuals/Families	10.2M	\$13,907	\$21,913.0	Provides a 100% tax credit on the first \$2,000 of tuition and related expenses (including books) and 25% on the next \$2,000 of tuition and related expenses paid during the taxable year. 40% of the credit is refundable. This tax credit phases-out for taxpayers with adjusted gross income above \$80,000 (\$160,000 for married couples filing jointly).	2009-2010 Extended for 2011-2012 as part of the Tax Cuts	http://www.irs.gov/publications/p17/ch35.html
COMPUTER TECHNOLOGY AND EQUIPMENT ALLOWED AS A HIGHER EDUCATION EXPENSE	Individuals/Families	0	\$0	\$9.0	Provided that computers and computer technology qualify as section 529 education expenses.	2009-2010	http://www.irs.gov/newsroom/article/0,,id=213012,00.html
FIRST TIME HOMEBUYER CREDIT	Individuals/Families	1 million	\$6,638	\$12,890.0	Applied to homes purchased on or after April 9, 2008 and before July 1, 2009. Eliminated the repayment obligation for taxpayers who purchased homes after January 1, 2009. Increased the maximum credit to \$8,000. Removed the prohibition on financing by mortgage revenue bonds. Extended the availability of the credit for homes purchased before December 1, 2009.	2011	http://www.irs.gov/newsroom/article/0,,id=204671,00.html
DEDUCTION ON SALES AND EXCISE TAXES FOR CERTAIN MOTOR VEHICLES	Individuals/Families	8.5M	\$1,684	\$576.0	Provided a deduction for state and local sales and excise taxes paid on the purchase of a new cars, light trucks, recreational vehicles, and motorcycles.	2009	http://www.irs.gov/newsroom/article/0,,id=204519,00.html
EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS	Individuals	13M	34,880	\$4,356.0	Extended the alternative minimum tax for nonrefundable personal credits.	2009	
INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION	Individuals	13M	34,880	\$64,693.0	Increased the alternative minimum tax exemption amount to \$70,950 for joint filers and \$46,700 for individuals.	2009	http://www.irs.gov/taxtopics/tc556.html
COBRA							
COBRA	Individual	\$24,677	\$3,745		Individuals to pay 35% of health insurance premiums under COBRA	2008-2010	http://www.bussvc.wisc.edu/ecbs/COBRA_subsidy_notice.html
ENERGY INCENTIVES							

RESIDENTIAL ENERGY CREDIT	Individuals	4.3M	\$2,034	\$10,993.0	Tax credit for improving the energy efficiency of existing homes was increased to 30% of the amount paid or incurred for qualified improvements during the taxable year, up to \$1,500.	2009-2010	http://www.irs.gov/newsroom/article/0,,id=206875,00.html
RESIDENTIAL CREDIT FOR ALTERNATIVE ENERGY	Individuals	1.67M	\$268	\$1,488.0	Nonrefundable energy tax credit equal to 30% of the cost of qualified residential alternative energy equipment, such as solar hot water heaters, geothermal heat pumps, and wind turbines.	2009-2016	http://www.energy.gov/taxbreaks.htm
ELECTRIC MOTOR VEHICLES CREDIT	Individuals	8,000	\$2,002	\$2,501	For new vehicles purchased on or after January 1, 2010, the minimum tax credit is \$2,500; the maximum credit is \$7,500 depending on the battery. The vehicle must have a gross weight of less than 14,000 pounds and use a rechargeable battery with at least four kilowatt hours.	2010	http://www.energy.gov/taxbreaks.htm
EXTENSION OF COMMUTER TRANSIT BENEFITS/TRANSIT PASSES	Individuals	8.3M	\$192	\$142.0	Extended commuter transit benefits, transit passes, and qualified parking with an increased limit of \$175 per month.	2009-2011	http://www.dm.usda.gov/shmd/transit.html

INCREASED CREDIT FOR ALTERNATIVE FUEL VEHICLES REFUELING PROPERTIES	Individuals/B businesses		\$54	\$53.0	Provided a 50% tax credit for qualified properties (other than those relating to hydrogen) with a per-location increase to \$50,000 for business properties and \$2,000 for other/residential locations.	2009-2010	http://www.irs.gov/irb/2007-22_IRB/ar10.html
CREDIT FOR ELECTRICITY PRODUCED FROM CERTAIN RENEWABLE RESOURCES.	Businesses		\$13,143	\$8,029.0	Extended the tax-credit eligibility dates for facilities producing electricity from wind, closed-loop biomass, open-loop biomass, geothermal energy, municipal solid waste, qualified hydropower and marine and hydrokinetic renewable energy.		http://www.irs.gov/irb/2008-30_IRB/ar14.html
INVESTMENT CREDIT OR PRODUCTION CREDIT.	Businesses		\$285	\$637.0	Allowed businesses that opened facilities producing electricity from wind and other renewable resources after December 31, 2008 to claim either the investment tax credit or the production tax credit.	2009	http://www.irs.gov/newsroom/article/0,,id=206871,00.html
BUSINESS CREDITS FOR RENEWABLE ENERGY PROPERTIES	Businesses		\$604	\$631.0	Repealed the \$4,000 limit for small, wind-energy properties and repealed the limitation on properties opened after December 31, 2008 that were financed by subsidized energy financing.	NA	http://www.irs.gov/newsroom/article/0,,id=206871,00.html
RENEWABLE ENERGY GRANTS VS ENERGY INVESTMENT TAX CREDIT	Businesses		\$0	(\$7,386.0)	Allowed businesses to apply for a grant instead of claiming either the energy investment tax credit or the renewable energy production tax credit for properties opened in 2009 or 2010. In some cases, if construction began in 2009 or 2010, the grant can be claimed through 2016.	2009-2010	http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=US53F
INCREASED LIMITATION ON CLEAN RENEWABLE ENERGY BONDS	Businesses		\$578	\$32.0	Increased the funds available for clean renewable energy bonds from \$800 million to \$2.4 billion.		https://www.treasurydirect.gov/GA-SL/SLGS/selectCREBDate.htm
INCREASED LIMITATION ON ENERGY CONSERVATION BONDS	Businesses		\$803	\$316.0	Increased the funds available for qualified energy conservation bonds from \$800 million to \$3.2 billion.		http://www.energy.gov/additionaltaxbreaks.htm

CARBON DIOXIDE USED AS A TERTIARY INJECTANT	Businesses		\$0	\$0.0	Provided a tax credit only if such carbon dioxide was disposed of in secure geological storage.		
Tax Incentives for Businesses							
SPECIAL ALLOWANCE FOR CERTAIN PROPERTIES ACQUIRED IN 2009	Businesses		\$5,879	\$2,787.0	Enabled businesses to deduct 50% of the adjusted basis of the qualifying property in the year acquired. The extension applied to qualifying properties acquired in 2009 (2010 for long-production period property and certain transportation property). Additionally, corporations that acquire eligible business properties have an additional year to accelerate certain tax credits in lieu of a bonus depreciation deduction.	2009-2010	http://www.irs.gov/publications/p946/ch03.html
TEMPORARY INCREASE IN LIMITATIONS ON EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS	Businesses		\$40	\$31.0	Allowed small businesses to expense up to \$250,000 of the cost of the qualifying property.	2009	http://www.irs.gov/businesses/small/article/0,,id=213666,00.html
5-YEAR CARRYBACK OF OPERATING LOSSES OF SMALL BUSINESSES.	Small Business		\$947	\$326.0	Allows eligible small businesses to elect a 3, 4, or 5-year net operating loss carryback for a taxable year after 2007.		http://www.irs.gov/newsroom/article/0,,id=205329,00.html
DECREASED ESTIMATED TAX PAYMENTS FOR CERTAIN SMALL BUSINESSES.	Small Business		\$0	\$0.0	Allowed many small businesses to defer paying a larger part of their 2009 tax obligation until the end of the year. For 2009, eligible individuals could make quarterly estimated tax payments equal to 90% of their 2009 tax or 90% of their 2008 tax, whichever was less.	2009	http://www.irs.gov/newsroom/article/0,,id=205330,00.html
INCENTIVES TO HIRE UNEMPLOYED VETERANS AND 16 to 24 YEAR OLD.	Businesses		\$231	\$395.0	Added unemployed veterans and disconnected youth to the Work Opportunity Credit.	2009-2010	http://www.irs.gov/formspubs/article/0,,id=177948,00.html
DEFERRED INCOME FROM CANCELLATION OF CERTAIN INDEBTEDNESS.	Businesses			\$1,713.0	Allows certain businesses that repurchased specific types of debt in 2009 and 2010 to pay taxes on cancellation of debt income over a five year period, starting with tax year 2014.	2009-2010/ 2014-2019	http://www.irs.gov/newsroom/article/0,,id=208318,00.html
MODIFIES RULES FOR ORIGINAL ISSUE DISCOUNT ON CERTAIN HIGH-YIELD OBLIGATIONS.	Financial Institutions		\$1,622	\$1,046	Interest expenses on investments in tax-exempt municipal bonds do not include investments in tax-exempt municipal bonds issued in 2009 and 2010, to the extent that the investments constitute less than 2% of the average adjusted bases of all the assets of the financial institution.	2009-2010	http://www.irs.gov/publications/p550/ch03.html
INCREASED THE EXCLUSION FOR QUALIFIED SMALL BUSINESS STOCK	Small Business		\$829		Provided an increase from 50% to 75% for any gain from the sale or exchange of qualified small business stock acquired after February 17, 2009 and before January 1, 2011, and held for more than five years. This provision is limited to individual investors and not available to corporations.	2009-2010	http://www.irs.gov/newsroom/article/0,,id=208318,00.html
TEMPORARILY REDUCED THE RECOGNITION PERIOD FOR BUILT-IN GAINS TAX.	Businesses		\$415	\$434.0	Eliminated the corporate tax on the built-in gains of an S-Corporation that converted from C-corporation status at least seven tax years before the 2009 tax year.	2009	http://www.irs.gov/businesses/small/article/0,,id=230307,00.html

CLARIFIED REGULATIONS RELATED TO LIMITATIONS ON CERTAIN BUILT-IN LOSSES FOLLOWING AN OWNERSHIP CHANGE	Businesses		(\$6,977)	(\$2,718.0)	Limited the applicability of Treasury Notice 2008-83 suspending restrictions on the offset of net operating losses and unrealized built-in losses against the taxable income of certain corporate entities that acquired or merged with other entities prior to January 17, 2009.		http://www.irs.gov/newsroom/article/0,,id=208318,00.html
CHANGED CERTAIN OWNERSHIPS FOR PURPOSES OF LIMITATIONS ON NET OPERATING LOSS CARRY FORWARDS AND CERTAIN BUILT-IN LOSSES.	Businesses		\$3,163	\$4,408.0	Exempts certain corporate entities from restrictions on the offset of net operating losses resulting from an ownership change required under a restructuring plan mandated by the Emergency Economic Stabilization Act of 2008.		http://www.irs.gov/publications/p536/ar02.html
Manufacturing & Economic Recovery							
TEMPORARILY EXPANDED INDUSTRIAL-DEVELOPMENT BONDS TO FACILITIES MANUFACTURING INTANGIBLE PROPERTIES	Businesses		\$203	\$240.0	Allowed tax-exempt bond financing for facilities marketing intangible properties.	2009-2010	http://www.irs.gov/pub/irs-irbs/irb09-16.pdf
CREDIT FOR INVESTMENT IN ADVANCED ENERGY FACILITIES	Businesses		\$1,647	\$1,718.0	Provided a 30% credit for qualifying properties investing in advanced energy.		http://www.irs.gov/businesses/article/0,,id=205665,00.html
RECOVERY ZONE BONDS	Businesses		\$5,371	\$641.0	Allowed the issuance of tax-exempt recovery zone bonds for investment in infrastructure, job training, and education in areas of high unemployment. Imposed a national limit of \$10 billion on Recovery Zone Economic Development bonds and \$15 billion on Recovery Zone Facility bonds.	2009-2010	http://www.irs.gov/irb/2009-26_IRB/pt04.html
TRIBAL ECONOMIC DEVELOPMENT BONDS	Tribes		315	\$182.0	Allows tribal governments to issue tribal economic development bonds, with a national limit of \$2 billion.	2009-2010	http://www.irs.gov/taxexemptbond/article/0,,id=230525,0.html
INCREASE IN NEW MARKETS TAX CREDIT	Local Communities		\$815	\$876.0	Increased the number of available New Market Tax credits.	2009-2010	http://www.irs.gov/pub/irs-irbs/irb09-16.pdf
LOW-INCOME HOUSING CREDIT AND LOW-INCOME HOUSING GRANTS	States/local government		0	(\$5,016.0)	Reduced the state housing credit ceiling under the tax credit for low-income housing by grant amounts received in 2009.	2009	
EXCEPTION FOR TAX-EXEMPT INTEREST EXPENSE OF FINANCIAL INSTITUTIONS	Financial Institutions		\$3,234	\$3,168.0	Disregarded 2009 and 2010 limits applicable to the tax deduction for tax-exempt bond interest expenses for bonds comprising less than 2% of the adjusted basis of the total assets of financial institutions.		http://www.occ.treas.gov/static/community-affairs/community-developments-investments/spring10/articles/bond/cde10spring04.htm
MODIFIED SMALL-ISSUER EXCEPTION TO TAX-EXEMPT INTEREST EXPENSE ALLOCATION RULES FOR FINANCIAL INSTITUTIONS	Financial Institutions				Increased to \$30 million the threshold amount for the small-issuer exception to tax-exempt interest expense allocation rules for financial institutions.	2009-2010	
TEMPORARILY MODIFIED ALTERNATIVE MINIMUM TAX LIMITATIONS ON TAX-EXEMPT BONDS			\$555	\$596.0	Interest on tax-exempt private activity bonds were exempted from the alternative minimum tax.	2009-2010	
MODIFIED HIGH SPEED INTERCITY RAIL FACILITY BONDS	States/local government		\$288	\$457.0	Reduced the required speed of intercity rail projects in order to qualify for tax exempt bond financing.		http://www.irs.gov/pub/irs-tege/teb_phase_1_course_11204_-6module_e.pdf
DELAYED APPLICATION OF WITHHOLDING TAX ON GOVERNMENT CONTRACTORS	Government contractors		\$291	\$614.0	Made funds available to state and local governments for infrastructure investments.		http://www.irs.gov/govt/fslg/article/0,,id=204409,00.html

QUALIFIED SCHOOL CONSTRUCTION BONDS	States/local government		\$9,877	\$6,467.0	Issued tax credit bonds for construction, rehabilitation, repair, or acquisition of land for public school facilities.		http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html
EXTENSION AND EXPANSION OF QUALIFIED ZONE ACADEMY BONDS			\$1,046	\$434.0	Provides additional funds for tax credit bonds to finance renovations and other improvements for qualified zone academy bonds.		http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html
BUILD AMERICA BONDS	States/local government		\$4,348	\$5,825.0	Allows state and local governments the option of issuing tax credit bonds instead of tax-exempt governmental obligation bonds.		http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html
REGULATED INVESTMENT COMPANIES ALLOWED TO PASS-THRU TAX CREDIT BOND CREDITS	Businesses		0	\$0.0	Allows regulated investment companies to pass on to shareholders credit amounts from investments in tax credit bonds.		http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html
GRANTS TO STATES FOR LOW-INCOME HOUSING PROJECTS IN LIEU OF LOW-INCOME HOUSING CREDIT ALLOCATIONS	States/local government			\$161.0	Provided that certain federal grant monies did not reduce the basis for purposes of determining the applicable low-income housing tax credits.	2009	http://www.irs.gov/taxexemptbond/article/0,,id=206034,00.html
PROHIBITED COLLECTION OF CERTAIN PAYMENTS MADE UNDER THE CONTINUED DUMPING AND SUBSIDY OFFSET ACT OF 2000.				\$88.0	Prohibits collection of certain payments made under the continued dumping and subsidy offset act of 2000.		http://www.cbo.gov/doc.cfm?index=5130&type=0
EXTENSION OF TRADE ADJUSTMENT ASSISTANCE TO SERVICE SECTOR AND PUBLIC AGENCY WORKERS; SHIFTS IN PRODUCTION.				\$0.0	Provided an extension of trade adjustment assistance to service sector and public agency workers; shifts in production.		http://www.irs.gov/individuals/article/0,,id=109960,00.html
HEALTH COVERAGE IMPROVEMENT	Individuals		\$457	\$150.0	Assisted certified retirees and displaced workers with health insurance		http://www.dol.gov/ebsa/publications/dislocated_workers_brochure.html
SPECIAL TAX CREDIT FOR CERTAIN GOVERNMENT RETIREES	Individuals		\$218	\$195.0	Allowed a \$250 special credit to government retirees receiving a pension but not eligible for Social Security benefits		http://www.irs.gov/newsroom/article/0,,id=218798,00.html

Source: Treasury Inspector General for Tax Administration