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## **New Tax Changes that Could Affect You Acts of 2009**

Here are some of the new tax law changes that may affect you in preparing your returns. More details can be found on [www.irs.gov](http://www.irs.gov). You can also contact us at Associated Tax on questions about any of the following laws and procedures.

### **New Law Exempts Partial Unemployment Benefits**

If you were out of work and received unemployment benefits in 2009 this recent law provides some tax relief.

Prior to 2009, unemployment benefits were included as income and were fully taxable. The new law temporarily allows unemployment recipients to exclude up to \$2,400 of benefits from income for 2009. Amounts exceeding \$2,400 will be treated as fully taxable income.

### **First-time Homebuyer Credit**

Like a good home appreciating in value, this first-time homebuyer credit program keeps getting better over time! When first enacted in 2008, the credit was given up to 10 percent of the purchase price of a qualifying residence up to a max of \$7,500—for homes bought before July 1, 2009. Here are the key points to the improved homebuyer credit from this past year.

- Maximum homebuyer tax credit is now up to \$8,000 with no requirement to pay back the credit
- Credit is extended to home purchases made over the entire year through April 30, 2010
- For homes acquired after November 6, 2009 credit is no longer bound to first-time buyers but also to purchasers who have lived in a home for five consecutive years within the last eight years—ending on the date the new residence is bought
- Credit for long-term buyers is 10% of the qualifying home's purchase price up to a max credit of \$6,500
- The income threshold for which this home buyer credit is phased out has also been raised. Under new laws, the maximum income single buyers will be phased out of this credit begins at \$125,000 while the phase out for married tax payers starts at \$225,000
- The maximum purchase for which this homebuyer credit is available is \$800,000, after which limit no credit is available

### **New Car Sales Tax Deduction**

The IRS will allow you to deduct state and local sales and excise tax under the following criteria

- New cars, light trucks, motor homes or motorcycles purchased from February 17 – December 31, 2009
- Deduction is limited to the portion attributable to the first \$49,500 of the purchase price
- Credit is available whether or not you itemize your deductions
- Income limits apply, so consult with your tax preparer for full details

### **Residential Energy Property Credit**

If you've made energy efficient improvements to your existing home this past year, the IRS has increased the tax credit from 10% to now 30% of the cost of all qualifying improvements and has raised the maximum credit limit to \$1,500 for improvements made in 2009 while eliminating the \$500 lifetime cap.

This credit applies to improvements such as:

- insulation materials
- sky lights
- central air conditioners
- hot water boilers
- exterior windows
- exterior doors
- natural gas, oil or propane furnaces
- electric heat pump water heaters
- advance main air circulating fans
- certain metal roofs

You may rely on manufacturer's certifications to be sure the improvements qualify. For exterior windows and sky lights, homeowners may continue to rely on the Energy Star labels to determine whether the property qualifies for purchases before June 1, 2009.

### **New Educational Credit**

Under the new American Opportunity Credit undergraduates can receive a dollar for dollar reduction of taxes, up to \$2,500 of the first \$4,000 of qualifying education expenses.

- In addition to tuition, this credit also includes expenditures for required course materials such as books, supplies and equipment including new computers—whether or not the materials were purchased from the school
- American Opportunity Credit can be used for all four college years
- 40% of the credit is refundable up to \$1,000
- The full credit is available for single taxpayers with modified adjusted gross income of \$80,000 or less and \$160,000 or less for married couples filing jointly

Call or stop by Associated Tax with any questions—in Omaha at 48<sup>th</sup> and Dodge or 30<sup>th</sup> and Ames.