



# Quick Tax Facts

## American Recovery and Reinvestment Act of 2009

### Key Provisions At A Glance

The chart below summarizes the key tax provisions of the American Recovery and Reinvestment Act of 2009. See the explanation in CCH's *American Recovery and Reinvestment Act of 2009: Law, Explanation, and Analysis*, for a complete discussion.

#### Individuals

Provision	In Effect	Impact
<b>General Tax Relief</b>		
Making Work Pay Credit	2009-2010	Provides individuals with a refundable credit equal to the lesser of 6.2% of the taxpayer's earned income or \$400 (\$800 in the case of joint filers), phased out for AGI above \$75,000 (\$150,000 in the case of joint filers).
First-Time Homebuyer Credit	1/1/09-11/30/09	Extends the credit for purchases before 12/1/09, increases the maximum credit amount to \$8,000 (\$4,000 for married taxpayers filing separately), and waives the repayment requirement for purchases in 2009.
Child Tax Credit	2009-2010	Provides that refundable portion of child credit is calculated to apply to 15 percent of earned income in excess of \$3,000.
Deduction for Tax on Purchase of Vehicle	Date of enactment-12/31/09	Allows itemizers and non-itemizers to deduct sales and excise taxes incurred on purchase of new motor vehicle.
Suspension of Tax on Unemployment Compensation	2009	Excludes up to \$2,400 of unemployment compensation from gross income.
<b>Education</b>		
American Opportunity Tax Credit	2009-2010	Increases Hope credit to 100 percent of first \$2,000 and 25 percent of next \$2,000 for first 4 years of post-secondary education; extends it to apply to course materials; increases AGI limits; allows credit against AMT; and makes a portion refundable.
Computer Technology Treated as Higher Education Expense	2009-2010	Enables taxpayers to use distributions from Section 529 accounts to purchase computer technology or equipment or Internet access and services while beneficiary is enrolled at educational institution.
<b>AMT Relief</b>		
AMT Exemptions	2009	Increases the exemption amounts for 2009 to \$70,950 for married individuals filing jointly and surviving spouses, \$46,700 for other unmarried individuals, and \$35,475 for married individuals filing separately.
Non-refundable Credits Offset AMT	2009	Allows individuals to offset non-refundable personal credits against the AMT through 2009.



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### Businesses

Provision	In Effect	Impact
Bonus Depreciation	2009	Extends 50 percent first-year bonus depreciation deduction to property placed in service during 2009 (2010 for certain property having longer production periods and aircraft).
Section 179 Expensing	2009	Increases the Code Section 179 deduction to \$250,000 for 2009. Phase-out starts at \$800,000.
NOL Carryback	2008	Allows eligible small businesses to elect up to a five year carryback of a net operating loss for a tax year ending or beginning in 2008.
Estimated Tax Payments	2009	Provides that the required annual estimated tax payments of an individual with adjusted gross income of less than \$500,000, more than 50 percent of which is income from a small business, to satisfy estimated tax requirement is not greater than 90 percent of the tax liability shown on the return for the preceding taxable year.
Built-in Gains Tax	2009-2010	BIG tax is not imposed in tax year beginning in 2009 or 2010 if the seventh tax year in recognition period preceded that tax year.
Work Opportunity Credit	2009-2010	Expands the work opportunity credit to cover unemployed veterans and disconnected youth hired in 2009 and 2010.

### Energy

Provision	In Effect	Impact
Plug-in Vehicles	After 2009 (existing credit); date of enactment-2011 (new credits)	Modifies the existing credit; adds a new 10% credit (up to \$2,500) for plug-in electric vehicles that are low-speed vehicles, motorcycles, or three-wheeled vehicles; adds a new 10% credit (up to \$4,000) for the cost of converting a motor vehicle into a qualified plug-in vehicle.
Credit for Nonbusiness Energy Property	2009-2010	Extends the credit through 2010, modifies the calculation of the credit, and updates the efficiency standards (effective as of the date of enactment).
Residential Energy Efficient Property	2009-2016	Eliminates the credit caps for solar hot water, geothermal, and wind property.
Alternative Motor Vehicle Credit	Beginning after 12/31/08	Treats the credit as a personal credit allowed against the AMT.