



## **NEW STIMULUS PACKAGE**

### **The President's Stimulus Package Makes an Impact on Tax Season**

February 20, 2009

The highly debated \$787 billion recovery stimulus package, which includes a variety of tax cuts, was approved by Congress and recently signed by the President on February 17, 2009.

Approximately \$282 billion of the American Recovery and Reinvestment Act is devoted to tax cuts, including breaks for individuals and businesses. The spending also includes expanded unemployment benefits, education, food stamps, job creation, construction of highways and bridges.

"There are a lot of tax credits and breaks associated with the bill that can potentially save people lots of money," said the Rapid City tax expert.

A few of the provisions in the recently signed bill include:

- **A \$400 "Making Work Pay" tax credit for individuals and \$800 for joint filers.**
- **An \$8,000 tax credit for first-time homebuyers – this credit does not have to be repaid unless the home is sold within three years.**
- **Purchasers of new cars and trucks will be allowed to deduct sales or excise taxes within certain limits.**
- **Tax breaks for people who take public transit to work.**
- **Parents will be allowed to claim a tax credit of up to \$2,500 a year to cover higher-education expenses.**

While some of these credits are not applicable until the 2009 tax return, some credits and provisions are available for small business owners and for first-time homebuyers in 2008. With the new law adds new complexities, and another reason to hire a professional. Since the taxpayer is ultimately responsible for their tax returns, an accountant will ensure that the taxpayer is aware of the new provisions and help them through all the complexities to reach the new law's full benefits.