



**HANCOCK ASKEW & CO LLP**  
ACCOUNTANTS & ADVISORS

## **The American Recovery and Reinvestment Tax Act**

The American Recovery and Reinvestment Tax Act made available some generous tax breaks, but if you are interested in taking advantage of any of them, you must act within the 2009 and 2010 years. In case you might be able to benefit from any of these, the IRS has issued a reminder:

- The expanded \$8,000 first-time homebuyer credit under Code Sec. 36 requires a home purchase before December 1, 2009.
- The deduction for the local sales and excise taxes of qualified new vehicle purchases (up to \$49,500 in cost) under Code Sec. 164 requires the purchase of the vehicle before January 1, 2010. There is no limit on the number of vehicles purchased.
- The 30-percent credit (up to \$1,500) for energy-efficient home improvements under Code Sec. 25C applies to improvements placed into service in 2009 and 2010.
- The expanded Hope scholarship credit under Code Sec. 25A, temporarily applicable to the first four years of college rather than only the first two, applies to tax years 2009 and 2010.
- The expansion of qualified tuition programs under Code Sec. 529 to allow for the purchase of computer technology, Internet access and related services to be used by the beneficiary while enrolled at an eligible institution applies to 2009 and 2010.
- The Making Work Pay credit under Code Sec. 36A provides taxpayers with lower withholding rates in 2009. However, families in which both spouses work or taxpayers with multiple jobs may need to adjust withholding in order to avoid lower refunds or tax liabilities for 2009.
- Finally, the first \$2,400 of unemployment benefits in 2009 is excluded from income. For couples who both receive unemployment, the benefit applies to each separately. Individuals who anticipate collecting more than \$2,400 may want to consider having tax withheld from their benefit payments in excess of that amount.

If you have any questions or concerns, please feel free to contact our office at (912) 234-8243.