

2009 Tax Act Recap

Q:

Is there any new tax legislation that will impact my business or me personally for 2009?

The only significant legislation passed in 2009 was The American Recovery and Reinvestment Tax Act of 2009 ("2009 Tax Act"). Some of the 2009 Tax Act provisions expire by the end of 2009, such as the first-time home buyer credit for individuals.

A:

Individuals who own a home and make qualified energy efficient home improvements through 2010 can claim an increased credit of 30% of such improvements up to \$1,500 over the taxpayer's life time.

The revisions to the Hope Scholarship Credit (American Opportunity Tax Credit) under the 2009 Act set to expire in 2010 include opportunities to take increased tax credits over a longer period of time for college tuition and related expenses; income limitations are also increased. For taxpayers that have 529 plans, expenses incurred through 2010 for certain computer technology purchases used by the beneficiaries during the years enrolled in college are considered qualified expenses.

For purchases through December 31, 2009, businesses may expense up to \$250,000 of fixed assets under Code Section 179, subject to limitations. The additional first-year depreciation deduction also exists which is equal to 50% of qualified property placed in service during 2009 for both regular and AMT tax purposes. Most states do not allow for the federal bonus depreciation provisions. In lieu of the bonus depreciation deduction, businesses can elect to claim additional research or AMT credits subject to certain limitations.

For additional questions regarding the impact of 2009 tax legislation changes on your personal or business income tax returns, please contact:



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