The new economic stimulus plan titled - The American Recovery and Reinvestment Act of 2009 (The 2009 Act) contains numerous tax provisions. It is reported that more than 50 major tax provisions have been rolled into The 2009 Act. Following are six major tax provisions that should be of general interest:

1) **Section 179 capital asset expensing** will be maintained at the $250,000 maximum deduction level for 2009. You may recall Section 179 was increased to the $250,000 level last year as part of a 2008 stimulus package. The 2009 Act is simply extending this larger deduction for another year. Remember that qualifying assets for Section 179 can be new or used.

2) The **50 percent bonus depreciation** on the purchase of new qualifying assets is being extended through December 31, 2009. Bonus depreciation was implemented as part of last year’s 2008 stimulus package. Qualified assets for bonus depreciation are assets that meet the following three tests:

   - MACRS eligible property with a recovery period of 20 years or less (this includes general-purpose farm buildings; 
   - Acquired by the taxpayer before 12-31-2009; and
   - Original use must commence with the taxpayer (i.e., new property).

3) This provision will be of interest to those in retirement. The 2009 Act provides for a **one-time payment of $250 to individuals on fixed income**, such as those receiving social security, railroad pension, veterans disability, or civil service retirement payments.

4) Extends and increases the **first-time home buyer’s credit**. The credit is now a maximum of $8,000 for purchases after December 31, 2008 through November 30, 2009. Additionally, the repayment plan for the amount of this credit that was part of the 2008 incentive package has been eliminated for homes purchased during 2009.

5) “**Making Work Pay**” This provision allows a credit against income tax on earned income. The credit amount is up to $400 on single returns and $800 on married filing joint returns. The credit is applicable for the entire 2009 year and will be available again in 2010.

6) To **jump-start the auto industry**, the sixth provision allows a deduction for state and local sales tax paid on the purchase of a new vehicle on or after February 17,
2009. This deduction is allowed regardless of whether you claim the standard deduction or itemize. However, the deduction is only allowed on the cost of a new vehicle up to the first $49,500 on any one vehicle. Additionally, there is a phase-out of the deduction if you make over $125,000 ($250,000 a joint return). Qualifying new vehicles include automobiles, SUVs, and light trucks weighing less than 8,500 pounds gross vehicle weight. Qualifying vehicles also include motor homes and motorcycles.

These of just a few of the numerous tax provisions, but are provisions of general interest. As a side note, The 2009 Act raises the U.S. debt limit to $12,204,000,000,000. Trillion is a number followed by 12 digits. In the movie Jaws – one of the lines is “I think we need a bigger boat!” With this new debt limit “I think we need a bigger calculator!”