

The American Recovery and Reinvestment Act of 2009

Information Center

Updated Nov. 6, 2009: The newly-enacted Worker, Homeownership And Business Assistance Act Of 2009 extends and expands the first-time homebuyer credit. The new law also expands the Net Operating Loss (NOL) provision.

Information for Individuals

Some of the provisions of the law primarily affect individuals.

Making Work Pay Tax Credit: This tax credit means more take-home pay for many Americans. To make sure enough tax is withheld from their pay, taxpayers can use the IRS withholding calculator. See Making Work Pay for more.

First-Time Homebuyer Credit Expands: Homebuyers who purchased in 2009 can get a credit of up to \$8,000 with no payback requirement. November 2009 legislation extends and expands this credit to homes purchased by April 30, 2010. New documentation requirements apply. See the First-Time Homebuyer Page and special information on signatures for more.

Money Back for New Vehicle Purchases: Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid or other taxes and fees they paid in states with no sales tax.

Education benefits: The new American opportunity credit and enhanced benefits for 529 college savings plans help families and students find ways to pay higher education expenses.

Enhanced Credits for Tax Years 2009, 2010: Find details on the earned income tax credit and the additional child tax credit.

Increased Transportation Subsidy: Employer-provided benefits for transit and parking are up in 2009.

Up to \$2,400 in Unemployment Benefits Tax Free in 2009: Individuals should check their tax withholding.

\$250 for Social Security Recipients, Veterans and Railroad Retirees: The Economic Recovery Payment will be paid by the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board.

Energy Efficiency and Renewable Energy Incentives: See what individuals can do to reap tax rewards.

COBRA: Workers who lose their jobs may qualify for reduced COBRA health insurance premiums for a period of up to 15 months. Visit the U.S. Department of Labor's COBRA Web site, www.dol.gov/cobra, for details on this recently-extended and expanded subsidy.

Health Coverage Tax Credit: The credit increases from 65 percent to 80 percent of qualified health insurance premiums, and more people are eligible.

Information for Businesses

Some of the provisions of the law primarily affect businesses.

Making Work Pay Tax Credit: The 2010 withholding rates, contained in Notice 1036, reflect reduced withholding as directed by the ARRA. An optional withholding procedure is available for pension plan administrators.

Work Opportunity tax credit: This newly-expanded credit adds returning veterans and "disconnected youth" to the list of new hires covered by the credit that businesses may claim.

COBRA: Health Insurance Continuation Subsidy. The IRS has extensive guidance for employers, including an updated Form 941, as well as information for qualifying individuals.

Energy Efficiency and Renewable Energy Incentives: See what businesses can do to reap tax rewards.

Net Operating Loss Carryback: Small businesses can offset losses by getting refunds on taxes paid up to five years ago. Information on the carryback, an expanded section 179 deduction and other business-related provisions, is now available. The Worker, Homeownership And Business Assistance Act Of 2009 (WHBAA) further expands the five-year NOL carryback to most businesses.

Municipal Bond Programs: There are new ways to finance school construction, energy and other public projects.

2008 and 2009 Tax Returns

The law could affect some 2008 tax returns due in 2009. However, most of the changes in ARRA will affect 2009 individual tax returns due April 15, 2010.

For more information please go to www.irs.gov.