

# IRS NEWS & INQUIRER

## What's the Answer?

**Q.** *What happened to the 2009 stimulus check we were promised? I have heard nothing about it.*

**A.** I've been getting lots of questions about what people are calling a 2009 stimulus check. The Make Work Pay Tax Credit is a refundable tax credit to workers for 2009 and 2010. It is a rebate of social security taxes paid during each of the two years.

The credit will be a reduction of your paycheck withholdings. Your paycheck will be slightly larger. It won't seem like a lot but it'll be \$400 or \$800 you didn't have before. One thing to watch out for is how employers implement this. If you are filing jointly, you could owe more when you file.

## Get FREE Tax Help

If you still have questions about the many tax savings that could benefit you right now and in the future, come in and talk with us. We'll help you consider deductions which are often overlooked that may save you more tax dollars.

Call for your **FREE** analysis.

**404-762-1030**

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## What's Happening?

### NEW Home Buyer 2009 Credit. *Which is better, 08 or 09 credit?*

Our last two newsletters dealt with the features of the first-time new home buyer credit that was signed into law in 2008 and is still in effect today. However with the passing of the stimulus bill last month, President Obama signed into law a new first time home buyer's credit that extends from January 1, through December 1, 2009. If you are a first-time home buyer as defined by the IRS and you purchase a home between Jan. 1, and July 1, you are eligible to receive either credit.

**The Similarities:** Both of these credits are similar in several ways. A first time home buyer is one who has not purchased a home within the past three years. Income limitations for both are \$95,000 for single and \$150,000 for joint filers. Neither credit is available if you acquired your home by gift, inheritance, or you bought your home from a close relative.

**The Differences:** New Home Credit A is effective from April 8, 2008 to July 1, 2009. The credit is a maximum of \$7,500 and it must be paid back over a period of 16 years. It is not a true credit but actually a loan. The new Home Credit B is effective from January 1, 2009 to December 1, 2009. This credit is a maximum of \$8,000. And it is a real refundable credit because you don't have to pay it back if your home remains your primary residence for more than three years.

If you purchased your home since the beginning of this year and you have already filed your 2008 tax return claiming the \$7,500 loan, you can amend your return and change to the new tax credit. And if you purchase your home during the first eleven months of this year, you can claim your credit on either your 2008 or 2009 return. For any additional assistance please call me at 404-762-1030.

### 40,000 of 9 Million Pay 50%

New York State lawmakers are considering an income tax hike for households earning more than \$250,000. NYC Mayor Bloomberg said that raising taxes on high earners could drive them from the city. "One percent of the households ... pay something like 50% of the taxes. In this city that's something like 40,000 people. If a handful left, any raise would make it revenue neutral," he said. "The question is what's fair. If 1% are paying 50% of the taxes, you want to make it even more?"

NY state-local tax of 10.5% is well above PA (7%), CT (5%), GA (6%), and FL (0%). NY upper middle class has plenty of options. 03/09