



NADA's

# LEGISLATIVE BULLETIN

February 17, 2009

**\*\*\*UPDATE: INCENTIVE EFFECTIVE FEBRUARY 17\*\*\***

## **CONSUMER AUTO INCENTIVE INCLUDED IN FINAL STIMULUS BILL (H.R. 1) “AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009”**

Today, President Obama signed the American Recovery and Reinvestment Act of 2009. On February 13, the House approved the bill by a vote of 246-183 and the Senate passed the package by a vote of 60-38. Please see more information on the incentive below.

### **What Taxes are Deductible?**<sup>1</sup>

- State Motor Vehicle Sales
- Local Motor Vehicle Sales
- Motor Vehicle Excise Taxes

### **What Customers Qualify for the Deduction?**

- Individual customers with modified adjusted gross income of less than \$125,000 or joint-filers making less than \$250,000 a year in 2009 would qualify for the deduction.
- Deductible as an “above the line” (for itemizers and non-itemizers) deduction on federal tax return.

### **Effective Date**

- New vehicle purchases shall apply to purchases on or after the date of enactment (February 17, 2009) until December 31, 2009.

### **What New Vehicles Qualify for the Deduction?**

- Any new vehicle not more than 8,500 pounds gross vehicle weight.
- New vehicles of any model year – when the original use commences with the taxpayer.
- Any vehicle sold for under \$49,500 qualifies for the full deduction. Consumers may deduct sales taxes on the first \$49,500 of any vehicle sold above this price.

**THIS IS A GENERALIZED SUMMARY.** *Tax savings will depend on one’s individual tax rate. For more specific information on eligible customers, taxes and applicability, dealers are encouraged to consult with an accountant or tax professional.*

<sup>1</sup> “For purposes of this section, the term ‘qualified motor vehicle taxes’ means any state or local sales or excise tax imposed on the purchase of a qualified motor vehicle.”- (Text of H.R. 1)

If you no longer wish to receive fax communications from NADA and its subsidiaries, please send your opt-out request by email to [opt-out@nada.org](mailto:opt-out@nada.org), by fax at (703) 442-3179, or by telephone at (800) 248-6232 x 2878 and provide your name and fax number, along with a statement that you do not wish to receive faxes from NADA and its subsidiaries. We must process your request within 30 days.

