

getting everything you're entitled to

## American Recovery and Reinvestment Act

President Obama signed the American Recovery and Reinvestment Act into law on February 17, 2009. So when you file your 2009 return in 2010, here are some provisions you should know about now.



For more information about the ARRA go to [www.hrblock.com](http://www.hrblock.com) and click on Tax Tips.

### Putting money in your pocket this year:

- **Making Work Pay Credit.** A credit of up to \$400 (\$800 if you file a joint return). Employees receive this credit through a reduction in their federal income tax withholding. This credit might effect the amount of your refund on your tax return.
- **Economic Recovery Payment.** If you're an adult and received Social Security, Railroad Retirement, VA retirement or disability benefits, in November or December, 2008 or January, 2009, you should have received a check for \$250 in 2009. It's not taxable, and you don't have to file a return to get it. If you are still working, this payment will reduce the amount of your Making Work Pay Credit.
- **Benefits for the unemployed.** If you're unemployed, you can expect a higher benefit. Congress just signed H.R. 3326 to include a 6-month extension in the maximum COBRA premium subsidy period. Also, the eligibility for the subsidy was extended for two months to job losses before 3/1/10. Also, the first \$2,400 of unemployment benefits is tax-free. Individuals involuntarily terminated between 9/1/2008 – 2/28/2010 are eligible for federally-subsidized COBRA premiums for up to 15 months.

### For families:

- **Earned income credit.** If you file a joint return and/or if you have three or more children, your EIC may be higher when you file next year.
- **Child tax credit.** You may be eligible for a refundable credit next year if your earned income is greater than \$3,000.

### For homeowners:

- **First-time home buyer credit.** If you bought your first home in 2009, you may be eligible for a refundable credit of up to \$8,000, and the credit does not have to be repaid unless the home is sold or is no longer your main home within three years of purchase. You can claim the 2009 first-time home buyer on your 2008 or 2009 return.
- **Energy credits.** The credit for energy efficient home improvements—such as new windows, doors, furnaces, and central air conditioners—is back for 2009 and 2010. The credit limit is now up to \$1,500 for both years combined.

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