# How the 2009 New Car Tax Credit Works

Part of the "American Recovery and Reinvestment Act of 2009"

On February 17, 2009 President Obama signed the American Recovery and Reinvestment Act of 2009.

**What Taxes are Deductible?**

- 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. You may take it regardless of whether you itemize other deductions on your 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 under 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.

**How to Claim the New Car Tax Credit.**

- You will receive the credit when you file your 2009 taxes.

Adapted from the National Automobile Dealers Association Office of Legislative Affairs.

**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.