

## Five Tax Changes for 2009

As you get ready to prepare your 2009 tax return, the Internal Revenue Service wants to make sure you have all the details about tax law changes that may impact your tax return.

Here are the top five changes that may show up on your 2009 return.

### 1. The American Recovery and Reinvestment Act

ARRA provides several tax provisions that affect tax year 2009 individual tax returns due April 15, 2010. The recovery law provides tax incentives for first-time homebuyers, people who purchased new cars, those that made their homes more energy efficient, parents and students paying for college, and people who received unemployment compensation.

### 2. IRA Deduction Expanded

You may be able to take an IRA deduction if you were covered by a retirement plan and your 2009 modified adjusted gross income is less than \$65,000 or \$109,000 if you are married filing a joint return.

### 3. Standard Deduction Increased for Most Taxpayers

The 2009 basic standard deductions all increased. They are:

- \$11,400 for married couples filing a joint return and qualifying widows and widowers
- \$5,700 for singles and married individuals filing separate returns
- \$8,350 for heads of household

Taxpayers can now claim an additional standard deduction based on the state or local sales or excise taxes paid on the purchase of most new motor vehicles purchased after February 16, 2009. You can also increase your standard deduction by the state or local real estate taxes paid during the year or net disaster losses suffered from a federally declared disaster.

### 4. 2009 Standard Mileage Rates

The standard mileage rates changed for 2009. The standard mileage rates for business use of a vehicle:

- 55 cents per mile

The standard mileage rates for the cost of operating a vehicle for medical reasons or a deductible move:

- 24 cents per mile

The standard mileage rate for using a car to provide services to charitable organizations remains at 14 cents per mile.

### 5. Kiddie Tax Change

The amount of taxable investment income a child can have without it being subject to tax at the parent's rate has increased to \$1,900 for 2009.