

**TAX TALK**  
**BY JEFFREY D. SKOLNICK, CPA, M.S. TAXATION**

**WHAT ARE THE PRIMARY PROVISIONS OF THE “WORKER, HOMEOWNERSHIP AND BUSINESS ASSISTANCE ACT OF 2009” AND HOW DO THEY AFFECT ME?**

**Unemployment Benefits**

The law allows 14 weeks of extended benefit coverage for every state and an additional 6 weeks (for a total of 20) in states where the unemployment rate is over 8.5%.

**Homebuyer Credit**

The homebuyer credit has been extended and expanded. The homebuyer credit was scheduled to expire on December 1, 2009. Under the 2009 Stimulus package the homebuyer credit was calculated as 10% of the purchase price of a home up to a maximum of \$8,000. This credit was available for first time homebuyers. The credit did phase out for individuals with income between \$75,000 and \$95,000 (\$150,000 and \$170,000 for taxpayers filing joint returns) and was available for homes purchased before December 1, 2009.

The new act extends the credit for first time homebuyers to any home purchased before May 1, 2010. If a taxpayer enters into a written binding contract before May 1, 2010 and the sale closes before July 1, 2010, the purchase will qualify.

In addition, there is now a provision for non-first-time buyers. If an individual has had the same principal residence for any 5-consecutive-year period during the 8 year period ending on the date of the purchase of the new home, the individual will also qualify for the credit. Individuals that qualify under this “long-time resident” provision will be entitled to only \$6,500 not \$8,000.

The income thresholds have also been raised to start phase outs at \$125,000 for individuals (\$225,000 for joint filers). The purchase price of the new residence cannot be over \$800,000.

**Electronic Filing Requirement**

Each year more and more individuals are filing their tax returns electronically. If you use a tax preparer you will soon have to file electronically. The new act requires all returns prepared by “tax return preparers” to be filed electronically. Tax preparers are defined as anyone that prepares more than 10 returns in a year. The law applies to all returns filed after December 31, 2010. **You may continue to file paper returns if you file your own return.**

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**Net Operating Loss Carrybacks**

Under the Internal Revenue Code, businesses that incur net operating losses (NOLs) are allowed to carry those losses back 2 years and forward 20 years to either obtain refunds of tax paid in previous years or reduce future income tax. The act allows businesses to carryback losses of 2008 or 2009 (not both years) up to 5 years with certain limitations. This allows a business to possibly obtain larger refunds than it might if it were only allowed to carryback a loss for 2 years.

**Conclusion**

This article gives a very brief summary of the recently passed act. I certainly would encourage anyone who feels these provisions may apply to them to contact a tax professional.