

\$152 Billion Stimulus Law Passed

In an effort to boost the U.S. economy, Congress passed the *Economic Stimulus Package Act of 2008* on February 7. The legislation will provide tax rebate checks to about 130 million households, starting sometime in May.

The package also contains business tax incentives and help for distressed homeowners. Here are the major provisions in the law.

- * Single individuals may be entitled to receive a one-time tax rebate of up to \$600; joint filers may qualify for up to \$1,200. The rebate amount begins to phase out for higher-income taxpayers, beginning at \$75,000 of adjusted gross income for single filers and \$150,000 for joint filers (based on 2007 tax returns).

- * People who don't pay income taxes may qualify for \$300 rebates if they had at least \$3,000 of earned income or tax liability of at least \$1 in 2007. Social security income and federal payments to disabled veterans and their widows count as earned income for rebate purposes.

- * Those who qualify for the basic rebates are also eligible for an additional \$300 for each dependent child under age 17.

- * Businesses may qualify for 50% bonus depreciation on qualifying new equipment purchases in 2008.

- * The Section 179 expensing limit for 2008 is increased from the previous \$128,000 to \$250,000, and the 2008 phase-out threshold is increased from \$510,000 of total equipment purchases to \$800,000.

- * The loan limits for Fannie Mae, Freddie Mac, and the Federal Housing Administration are increased, a provision intended to assist taxpayers during the sub-prime mortgage crisis.

If you need further details on the new law as you do your tax and business planning for 2008, please give us a call.