

*** The following message is FYI only. No response is required from you ***

Clients –

With President Bush signing *The Recovery Rebates and Economic Stimulus for the American People Act of 2008* today, I thought it might be helpful to explain what this act will mean for you and your family. There are many reports in the press on what this Act accomplishes, but not many of them are clear and I think few people really know what to expect from a refund perspective. So, I went straight to the source (HR-5140), read the bill that has now been signed, and here's my common terms summary:

- Refunds will be provided to individuals who paid tax for tax year 2007, and who had qualifying income (including earned income, social security, and veteran's pensions) over \$3,000 as follows:
 - For single taxpayers with a SSN: \$600 (unless you paid less than \$600 in tax for tax year 2007, then the refund will be the amount paid or \$300, whichever is higher)
 - For joint taxpayers with two SSN's: \$1200 (unless you paid less than \$1200 in tax for tax year 2007, then the refund will be the amount paid or \$600, whichever is higher)
 - For each dependent child who has a SSN: an additional \$300
- If your income is over the phaseout threshold, your refund amount will be reduced as follows:
 - For single taxpayers, if your adjusted gross income is over \$75k for 2007, your refund will be reduced by \$1 for every \$20 that your income is over \$75k. For example, if you made \$80k in 2007, your refund would be reduced from \$600 to \$350.
 - For married taxpayers, if your adjusted gross income is over \$150k for 2007, your refund will be reduced by \$1 for every \$20 that your income is over \$150k. For example, if you made \$160k in 2007, your refund would be reduced from \$1200 to \$700.
- Refunds are likely to be distributed starting in May.
- For business owners, there has been an increase in Section 179 depreciation expense allowable (this is the ability to write-off assets purchased in 2008 immediately as an expense, rather than depreciating them over their useful life) for tax year 2008 as follows:
 - Dollar limit increased to \$250,000
 - Phaseout amount increased to \$800,000 (amount of assets placed into service)
- Also for business owners, there has been an increase in the amount of "bonus depreciation" for certain assets placed into service in 2008. Since this is unlikely to affect any of you, I won't dive further into this section.
- Temporarily increases the Fannie Mae and Freddie Mac conforming loan limits for mortgages that originate between 7/1/07 and 12/31/08 in some areas by as much as 75%. This is the amount that is used to determine whether the loan is "jumbo" or "conforming" (jumbo loans typically have higher rates b/c the Federal organizations cannot purchase these loans).

As always, if you have any questions pertaining to this legislation, please don't hesitate to ask.