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# THE *INVESCO* Alternative

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Dedicated to helping you ...  
... Achieve Financial Independence

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## New "Stimulus" Tax Breaks

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Make sure you get your share. Here are some of the new breaks:

No tax on converting a C-Corp to an S-Corp (to avoid double taxations) if company not disposed of within the next seven years (2009-10 only).

The first \$2,400 of unemployment compensation will be tax-free.

If you lose your job between Sept. 1, 2008, and the end of 2009, you can maintain your health insurance by paying only 35% of the premium. Your employer will pay the other 65%, but will be reimbursed by the federal government. If you have already been "trimmed" and have not applied for COBRA, you can go to your last employer and have your benefits reinstated.

Hybrid electric cars qualify for a \$2,500 tax credit; even up to \$7,500 for super efficient models that will operate up to 16 hours on a charge.

Families can claim a credit for college expenses (including books, etc.) for undergraduate school. All of the first \$2,000 is refundable, plus 25% of the next \$2,000 for individuals with incomes under \$80,000 and couples under \$160,000. The credit is available to whomever is claiming the student as a dependent.

A new above-the-line deduction is available for sales and excise taxes in the first \$49,500 of a vehicle's purchase price. Phases out at \$125,000 for singles; \$250,000 for couples.

A refundable 10% credit up to \$8,000 is available to a home buyer who has not owned a home in the last three years and purchases one before December first. Unlike the \$7,500 credit last year, this one you do not have to repay if you keep the home at least three years. Further, you can amend your 2008 return to get the money now.

Energy efficiency improvements are back in, and at a higher level, after being missing during 2008. For solar panels installed in 2009-10, you get a refund of 30%, no limit (was 10%). Other credits are similar to 2008, but some have been expanded.

### **And Our Old Favorites for Business Owners**

Employ your children or grandchildren. The first \$5,800 they earn will not be taxed to them, even if they are someone else's dependents. A big deduction for you. The pay must be reasonable for the services the child could perform. No social security need be withheld on a child under 19 on January 1st.

Use a partnership to split your income with a limited partner spouse. You can drastically lower your social security taxes.

Be sure to enter a reasonable amount for personal services on Illinois Form 1065, line 26, to avoid the 1-1/2% Illinois replacement tax.