



# Tax Briefs



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## News Update on Tax Issues from SLGG

SINGER LEWAK GREENBAUM & GOLDSTEIN LLP  
Certified Public Accountants & Management Consultants

*In each issue, we cover various tax issues of interest to individuals and businesses*

## Economic Stimulus Act of 2008

On February 7, Congress passed the Economic Stimulus Act of 2008 (H.R. 5140) to provide stimulus through a combination of both Individual and Business incentives. The package is intended to boost the economy and reduce recession fears. The President is expected to sign this bill into law soon.

### Individual tax provisions:

- Eligible individuals will generally be entitled to a rebate of the greater of:
  - Their net federal income tax liability (on qualifying income) up to a maximum of \$600 (\$1,200 for joint returns), or
  - \$300 (\$600 for married couples)
- Eligible individuals will *also* generally receive a rebate equal to \$300 for each of their children for whom they are otherwise entitled to a Child Tax Credit
- The above rebates are phased out for higher-income taxpayers:
  - Rebates for taxpayers with Adjusted Gross Income of \$75,000 (\$150,000 for joint filers), will be reduced by 5% of earnings above the income limitation. Rebates would be completely phased out at \$87,000 for individual filers without children and \$174,000 for joint filers without children

### Business tax provisions:

- Expensing of certain depreciable business assets:
  - The limit on business asset expensing (under section 179) will increase for years beginning in 2008 to \$250,000 (from \$128,000) and the phase-out threshold (for assets placed in service during the year) will increase to \$800,000 (from \$510,000)
  - The limit on business asset expensing (for bonus depreciation) will be reinstated at 50% of qualifying new equipment acquired during 2008 (with certain extensions through 2009 for certain aircraft and long-production-period property)

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## Other provisions:

- Temporarily raises the conforming loan limit for Fannie Mae and Freddie Mac regarding mortgages originated from July 1, 2007 through December 31, 2008. This new temporary maximum is \$729,750
- Also temporarily raises the limit on FHA-insured loans to a maximum of \$729,750
- The current limit on FHA-insured loans is \$367,000 and the limit on conforming loans that may be purchased by Fannie Mae and Freddie Mac is \$417,000
- These limits were raised to increase the size of the home loan purchasing and securitization markets so as to counter the pullback by a number of large banks hit by subprime loan losses, as well as to make it easier for people to buy homes and refinance existing mortgages

Please contact us with your questions or comments.

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