

BREAKING NEWS

Stimulate Car Sales Potential Tax Deduction May Help Dealers

The Internal Revenue Service announced today that taxpayers who buy a new passenger vehicle this year may be entitled to deduct state and local sales and excise taxes paid on the purchase on their 2009 tax returns next year.

IRS Commissioner Doug Shulman was quoted as saying "For those thinking about buying a new car this year, this deduction may give them a little more drive to make their purchase this year. This deduction enables taxpayers to buy now and get cash back later on their tax returns."

The new deduction applies to state and local sales and excise taxes paid on up to \$49,500 of the purchase price of a qualified new car, light truck, motor home or motorcycle. The qualifying vehicle must be purchased after Feb. 16, 2009, and before Jan. 1, 2010 to secure the deduction. Application is to new passenger cars or light trucks with a GVW rating of not more than 8500 pounds.

The announcement noted that the amount of the deduction is phased out for taxpayers whose modified adjusted gross income is between \$125,000 and \$135,000 for individual filers and between \$250,000 and \$260,000 for joint filers. This special deduction is made available to car buyers regardless of whether a taxpayer itemizes deductions on their return.

For additional information on this new car tax deduction, or items disclosed in this tax advisory, please remember to consult with your [tax advisor](#). You may also contact the Dealer Services Group at dsg@dixon-hughes.com or via phone at (877) DLR-CPAS.

For additional information regarding the Dixon Hughes Dealer Services Group, please contact us at dsg@dixon-hughes.com, (877) DLR-CPAS or visit us on the web at www.dixon-hughes.com/dsg.

About the Dixon Hughes Dealer Services Group

The Dealer Services Group of Dixon Hughes, one of the nation's top 20 accounting firms, has over 135 dedicated professionals working exclusively with some of the largest automotive and heavy truck dealerships across the country. Providing our clients with industry thought leaders in our Assurance, Tax and Risk Service Groups, we consult on best practices to help maximize efficiencies, decrease costs and understand risk management. Dealerships need an independent CPA firm to provide an objective view to take their business to the next level. At Dixon Hughes, we deliver on both sides of the service equation. A fact you might find a plus.



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