

New Vehicle Sales Tax Deduction Even If You Do Not Itemize Deductions

Taxpayers that purchased a new vehicle in 2009 may be entitled to a special tax deduction for the sales and excise taxes on the purchase regardless of whether the taxpayer takes the itemized or standard deduction on Form 1040.

Here are some important facts the Internal Revenue Service wants you to know about this deduction.

1. State and local sales and excise taxes paid on up to \$49,500 of the purchase price of each qualifying vehicle are deductible.
2. Qualified motor vehicles generally include new cars, light trucks, motor homes and motorcycles.
3. To qualify for the deduction, the new cars, light trucks and motorcycles must weigh 8500 pounds or less. New motor homes are not subject to the weight limit.
4. Purchases must have occurred after Feb. 16, 2009, and before Jan. 1, 2010.
5. This deduction can be taken regardless of whether the buyers itemize their deductions or choose the standard deduction. Taxpayers who do not itemize will add this additional amount to the standard deduction on their 2009 tax return.
6. 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.