

February 2010

Tax Intelligence

2009 Federal Legislative Update

Situation

During 2009, Congress worked to pass the American Recovery and Reinvestment Tax Act of 2009 and the Tax Extender Act of 2009.

American Recovery and Reinvestment Tax Act of 2009 - The following tax credit and incentive provisions were included in the bill:

- American Opportunity Tax Credit
- COBRA Continuation
- Energy and Housing Incentives
- Making Work Pay Credit
- Relief for State & Local Governments and Tax Incentives for Business
- Work Opportunity Tax Credit program (WOTC)

Tax Extender Act of 2009 - The bill includes a one year extension of 50 – 60 tax provisions that were scheduled to expire by December 31, 2009. The following community assistance provisions for tax hiring incentives are included in the bill:

- Empowerment Zones and Renewal Communities
- Katrina WOTC
- New Market Tax Credit
- NY Liberty Zones
- Tax Incentives for the District of Columbia
- The Indian Employment Tax Credit

Solution

The American Recovery and Reinvestment Tax Act of 2009 was signed on February 17, 2009 by President Obama. The WOTC program was expanded to include two new categories. The two expanded categories are for disconnected youth and unemployed veterans.

The Tax Extender Act of 2009 was passed by the house on December 8, 2009. It is currently awaiting approval from the Senate. We have received positive feedback that the extender package will be extended retroactively and will be adopted prior to the end of the session. In the meantime, TALX continues to screen our client's employees for eligibility regarding these tax credit programs. TALX recommends everyone continue screening for these programs.

Congress is considering several options for a Federal Job Creation incentive to help spur job creation. Many of these incentives are currently targeted at payroll tax benefits which would give an immediate benefit to businesses creating jobs. TALX is actively monitoring this legislation and expects a job creation program to pass in the first half of 2010.

Value

TALX has a dedicated team reviewing and monitoring the activity around the congressional agenda and will continue to keep employers posted on updates or changes. If your company is interested in receiving additional information on the above referenced legislation, please contact Pete Krieshok at (314)214-7325 or via email at pkrieshok@talx.com.