



February 18, 2009

Maryland Titling Tax now Deductible on Federal Income Tax Returns!

Senator Mikulski's amendment to allow the deductibility of vehicle sales tax (Maryland Titling Tax) is a part of the final Economic Stimulus Package signed into law February 17, 2009, by President Obama. This is a new opportunity for added incentives and tax rebates for automotive consumers. Details below:

Example:

A customer who purchases a \$30,000 vehicle at 6% tax can deduct \$1,800.00 on their federal income tax return (even if they do not itemize.)

What Taxes are Deductible?

Maryland Titling Tax

What Customers Qualify for the Deduction?

- Individual customers with modified adjusted gross income of less than \$125,000 or joint-filers making less than \$250,000 a year in 2009 qualify for the deduction.
- Deductible as an "above the line" (for itemizers and non-itemizers) deduction on federal tax return.

Effective Dates

Any new vehicle purchased from February 17, 2009 through December 31, 2009. This incentive is NOT retroactive!

What New Vehicles Qualify for the Deduction?

- Any new vehicle, domestic and foreign, under 8,500 pounds gross vehicle weight.
- New vehicles of any model year – when the original use commences with the taxpayer.
- Any vehicle sold for under \$49,500 qualifies for the full deduction. Consumers may deduct sales taxes on the first \$49,500 of any vehicle sold above this price.

The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers.