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Eight Facts about the New Vehicle Sales and Excise Tax Deduction

If you bought a new vehicle in 2009, you may be entitled to a special tax deduction for the sales and excise taxes on your purchase.

Here are eight 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 8,500 pounds or less. New motor homes are not subject to the weight limit.
4. Purchases must occur after Feb. 16, 2009, and before Jan. 1, 2010.
5. Purchases made in states without a sales tax — such as Alaska, Delaware, Hawaii, Montana, New Hampshire and Oregon — may also qualify for the deduction. Taxpayers in these states may be entitled to deduct other qualifying fees or taxes imposed by the state or local government. The fees or taxes that qualify must be assessed on the purchase of the vehicle and must be based on the vehicle's sales price or as a per unit fee.
6. 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.
7. 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.
8. Taxpayers who do not itemize must complete Schedule L, Standard Deduction for Certain Filers to claim the deduction.

For more information about these rules and other eligibility requirements visit IRS.gov/recovery.

Links:

- The American Recovery and Reinvestment Act of 2009: [Information Center](#)

YouTube Video:

- Vehicle Tax Deduction-Claim It: [English](#) | [Spanish](#) | [ASL](#)