



January 2010

Deduction for Sales Tax on New Car Purchases

Taxpayers may deduct the state and local sales taxes on the purchase of a passenger auto, light truck, or motorcycle (all are subject to a limit on gross vehicle weight rating of 8,500 pounds or less). The deduction is available on new vehicles purchased from Feb. 17, 2009, through Dec. 31, 2009. The deduction applies only on the first \$49,500 purchase price of the vehicle and is not available for taxpayers with AGIs exceeding \$135,000 (\$260,000 for married filing jointly). The deduction may be added to the standard deduction for taxpayers that do not itemize. For taxpayers utilizing the state and local general sales tax deduction, the additional deduction is not available.