

December 1, 2009

**RE: Current Events Memorandum
“The Worker, Homeownership, and Business Assistance Act of 2009”**

This law is expected to continue to jump start the real estate market and housing industry because it provides valuable incentives. Additionally, unemployment benefits have been extended and businesses can elect to carry back net operating losses (NOLs) incurred in 2008 or 2009.

Under the new law, there is an extension of the first time homebuyer credit until April 30, 2010 with provisions for transactions closing before July 1, 2010.

A smaller credit is available for “long-time residents of the same principal residence” which means; a homeowner must have owned and used the same principal residence for any consecutive five-year period in the eight-year period that ends with the new home purchase. A range of people can benefit from this credit expansion including couples who want to “move up” from a lower priced home to a more expensive one and couples who chose to downsize from a more expensive home to less expensive. This credit is subject to certain income requirements.

The new law includes a significant expansion of the NOL rules which were scheduled to expire this year. This law allows for all businesses, no matter how high their gross receipts are, to carry back NOLs for up to five years. This can be a way, for eligible businesses that are hurting in today’s economy, to improve cash flow with a refund of taxes they paid years ago when profits were up.

Unemployment benefits have been extended for unemployed Americans by at least 14 weeks, and 20 weeks in states that have employment rates of more than 8.5%. The law does not extend the exclusion from gross income for federal tax purposes, \$2,400 unemployment benefits received this year.

GLO CPAs can be a valuable asset in determining if you or your business can benefit from any of these new provisions.