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CLIENT ALERT

PRESIDENT SIGNS "CASH FOR CLUNKERS" BILL

President Obama on June 24, signed legislation aimed at boosting the sale of vehicles at financially struggling U.S. automobile dealerships.

The so-called "cash for clunkers" program provides \$1 billion in tax-free vouchers to automobile dealers who participate in the new program. The program is designed to remove gas guzzling, environmentally outdated autos from the roads and boost sales of automobiles. The program vouchers, worth \$3,500 or \$4,500, will be given to dealers when consumers trade in old vehicles for ones with higher fuel efficiency. The vouchers will not be considered taxable income for the car buyer.

The new law limits the number of vouchers to one per customer, including joint registered owners of a single eligible trade-in vehicle. The car voucher measure is including in the 2009 Supplemental Appropriations Bill for Iraq, Afghanistan, Pakistan and Pandemic Flu (HR 2346).

As we get more information, we will issue further alerts.

June 25, 2009

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