

# Practical Briefs

Legal Updates for Today's Proactive Manager

VOLUME 1, ISSUE 1

MAY 27, 2009

## FIRST-TIME HOMEBUYERS – ACT SOON TO TAKE ADVANTAGE OF REFUNDABLE TAX CREDIT

Home sales are at a record low in most parts of the country, and Congress has taken steps to spur an increase in sales. The 2009 Recovery Act extends and enhances the 2008 tax credit, and first-time homebuyers may now qualify for a **refundable** tax credit equal to 10 percent of the purchase price of a home (up to \$8,000 for married taxpayers who file jointly, \$4,000 for married taxpayers who file separately). You may be eligible to take advantage of this credit, even if you owe no tax or the credit is more than the tax owed. Unlike the similar credit passed in 2008, in most cases the new law does not require taxpayers to repay the credit.

To determine whether you qualify for the refundable credit, you must meet the following requirements:

1. You must purchase your new home after December 31, 2008 and before December 1, 2009.
2. You must not have owned a princi-

pal residence in the three year period prior to purchasing your new home.

3. To get the full credit, you must have an adjusted gross income of less than \$75,000 (or \$150,000 if married filing jointly); if your earnings exceed those amounts, you may still be eligible for a reduced credit.
4. You must own the new home for at least three years, or you may be required to repay all or a portion of the credit.

First-time homebuyers who purchase a home in 2009 may claim the credit on either of their 2008 tax return or their 2009 tax return. If you are considering purchasing a new home and have questions on whether you qualify for this credit, please contact Sheetal Desai at [SDesai@adgloballaw.com](mailto:SDesai@adgloballaw.com) or at (205) 210-4713.

## ARMSTRONG & DESAI CELEBRATES RIBBON CUTTING AND OPEN HOUSE

Our sincerest thanks to the West Alabama Chamber of Commerce for the support the Chamber and its members provided for our ribbon cutting and open house on April 29, 2009. We appreciate the support of the business community and all of those who visited us during this event.



Alabama State Bar rules require the following: "No representation is made that the quality of the legal services to be performed is greater than the quality of legal services performed by other lawyers."

Unless otherwise indicated, Texas attorneys are not certified by the Texas Board of Legal Specialization in the areas of practice listed on their profiles.  
See Texas Disciplinary Rules of Professional Conduct Rule 7.04(b)(3) (1999).

FREE BACKGROUND INFORMATION AVAILABLE UPON REQUEST

### SPECIAL POINTS OF INTEREST:

- *First Time Homebuyers-Act Soon*
- *Tax Incentives to Go Green!*
- *Creditors' Rights*
- *Armstrong & Desai celebrate their Ribbon Cutting and Open House*

### UPCOMING COMMUNITY EVENTS:

To Register for our Seminar:  
**"Your Rights as a Creditor"**  
June 24, 2009 from 11:30 to 1,  
please visit

[www.adgloballaw.com](http://www.adgloballaw.com)

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## TAX INCENTIVES TO GO GREEN!

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### UPCOMING COMMUNITY EVENTS:

As the focus turns to “Go Green”, the cost of being green can get expensive. However, many of us are more willing to “Go Green” if we also get a tax benefit. In an effort to encourage green behavior and investment, Congress has passed several energy-saving incentives under the American Recovery and Reinvestment Act (“ARRA”).

Those incentives include the following benefits:

1. Homeowners who purchase and install certain alternative energy sources, such as solar water heaters and geothermal heat pumps, may qualify for a 30 percent tax credit of up to \$1,500, if those improvements are placed in service in 2009 and 2010. Certain rules and restrictions apply and homeowners should consult their tax advisors to ensure the requirements are met to obtain the tax credit.
2. Consumers may also qualify for a tax

credit of up to \$7500 for plug in electric drive cars purchased after Dec. 31, 2009. The amount of the credit depends upon the battery capacity of the vehicle. An alternative 10% tax credit (up to \$4,000) may also be available when a consumer converts his vehicle to a plug-in electric car.

These new incentives not only benefit the environment, but they may save you on your overall tax and energy bills. If you would like more information on energy-efficient techniques that may come with tax benefits, please contact Sheetal Desai at (205) 210-4713 or [SDesai@adgloballaw.com](mailto:SDesai@adgloballaw.com).

**Green  
for  
Green**



## CUSTOMER RECEIVABLES & BANKRUPTCY – PROTECT YOUR BUSINESS INTEREST

Your business may be facing challenges in collecting accounts receivable, and a customer’s bankruptcy filing places significant restrictions upon your rights as a creditor. Many business owners ask: “What steps can I take in advance to shore up my position as a bankruptcy creditor?”

One of the most frustrating issues faced by creditors in bankruptcy is the bankruptcy trustee’s “preference” power. That power allows the trustee to recover payments made by the debtor in the 90-day period prior to the debtor’s filing bankruptcy. Not only are you left with an unpaid claim that you must pursue in bankruptcy court, the trustee may also demand that you return payments the debtor made to you in that 90-day period.

If you receive a preference demand letter, you may either simply pay the amount demanded (usually not your preferred choice), attempt to negotiate a settlement for a lesser amount, or defend against the preference

claim. The most common defenses to a preference claim are (1) the payment was a contemporaneous exchange, or (2) the payment was made in the “ordinary course of the debtor’s business.” “Contemporaneous exchanges” include payments for goods or services made upon receipt of those goods or services. A successful “ordinary course of business” defense requires that you show that the debt was incurred and payment was made in the ordinary course of business between you and the debtor as well as in the ordinary course of business within your industry. This can often present a challenge where the debtor’s payments were made late.

If you would like additional information regarding managing your AR and protecting your business, please join Armstrong & Desai for a more in-depth discussion of this topic on June 24. Please visit [www.adgloballaw.com](http://www.adgloballaw.com) for registration and details.

*To Register for our Seminar:  
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### FOR MORE INFORMATION:

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