

PRESS INFORMATION

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**LIBERTY TAX REVIEWS LATEST TAX CIRCUMSTANCES FOR NEW
HOMEOWNERS**

*Newly Passed American Housing Rescue and Foreclosure Prevention Act of 2008 May Create
Tax Relief*

(Virginia Beach, VA) Approximately 15.1 billion dollars of tax incentives will become a reality for Americans impacted by the mortgage crisis with the passage of the American Housing Rescue and Foreclosure Prevention Act of 2008. Liberty Tax Service will offer free advice on the impact of this legislation for individual taxpayers. Here are the major implications for individual taxpayers:

A New Refundable Tax Credit for First-Time Homebuyers. This would provide an interest-free loan of up to \$7,500.00 for first-time home buyers who purchase residences between April 9, 2008 and July 1, 2009. Because this essentially functions as a loan, taxpayers would have to pay this back to the government in equal installment payments over 15 years. There’s a beginning phase-out level of \$75,000 for single taxpayers and \$150,000 for taxpayers filing joint returns. The credit must be claimed on a 2008 or 2009 tax return.

Unmarried persons buying a home jointly for the first time may qualify for this credit by splitting the credit.

Limited Property Tax Deduction for Non-Itemizers for 2008: Makes tax relief available to homeowners who have paid their mortgage in full, but still must pay local and state property taxes. The Act increases the standard deduction for non-itemizers by the lesser of the amount of real property taxes paid during the year or \$500 for a single taxpayer/\$1000 for a married couple.

Foreclosure Protection for Military Personnel under the Servicemembers Civil Relief Act Provision: Mortgage lenders must reduce the interest rate of home loans granted to active duty military personnel to no more than six percent.

Reduced Home Sale Exclusion: Taxpayers who used their primary residence as a vacation home or rental property and sell this property after December 31, 2008 may no longer be able to take full advantage of the \$250,000 exclusion for single taxpayers/\$500,000 exclusion for married filing jointly on the gain from the sale of their personal residence. The taxpayer will only be able to utilize this exclusion to the extent that it relates to the period of time when the home was used as a principal residence. The exclusion of the gain will be pro-rated such that the gain attributable to the period of time

the house was not used as the primary residence cannot be excluded. This will apply to nonqualified usage after January 1, 2009.

“Incentives that help more people buy a first home can also mean these taxpayers will itemize for the first time, and be able to take deductions that they previously couldn’t take,” commented John Hewitt, CEO of Liberty Tax Service.

About Liberty Tax Service:

Liberty Tax Service is the fastest growing retail tax preparation company in the industry’s history. Founded in 1997 by CEO John T. Hewitt, a pioneer in the tax industry, Liberty Tax Service (www.libertytax.com) currently operates over 2,700 offices throughout the United States and Canada, and has prepared over 6,000,000 returns.

Liberty Tax Service provides computerized income tax preparation, electronic filing and refund loans. With an emphasis on customer service including audit assistance, a money back guarantee, and free tax return checking, Liberty Tax Service is well known for its strong commitment to its client base.

With 39 years of tax industry experience, Hewitt stands as the most experienced CEO in the tax preparation business, having also founded Jackson Hewitt Tax Service (**NYSE: JTX**).

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Liberty Tax Service : John Hewitt is available for interview. Contact Martha O’Gorman, LTS Chief Marketing Officer at (800) 790-3863 ext. 8022 or by e-mail at martha.ogorman@libtax.com or mediainquiry@libtax.com.