

# Small Business Jobs Act of 2010

OCTOBER 2010

## Tax incentives and revenue raisers for ALL Businesses in the Small Business Jobs Act of 2010



Building Trusting and Long-lasting Relationships Through Experience, Intelligent Problem Solving and a Passion for the Possible.

### OVERVIEW

On September 27, 2010, President Obama signed into law the Small Business Jobs Act of 2010, which, despite its name, contains important tax provisions affecting businesses of all sizes, as well as individuals. The overall purpose of the Act is to stimulate investment by providing tax incentives and revenue-increasing loan opportunities.

### TAX INCENTIVES HIGHLIGHTS

- Extends 50% first-year bonus depreciation through 2010
- Allows IRC §179 expensing up to \$500,000
  - Phase-out rules apply at \$2,000,000
  - Special rules apply to qualified real property
- Increases start-up expense deduction to \$10,000 with a phase-out threshold of \$60,000
- Excludes 100% of gains from qualified small business stock acquired between September 27, 2010, and December 31, 2010, and held for at least five (5) years
- Extends carry-back period for eligible small business credits from one (1) year to five (5) years
- Simplifies deduction for employer-provided cell phones
- Reduces recognition period for S Corporation's built-in gains tax from ten (10) years to five (5) years
- Alleviates self-employment tax
- Eases substantiation requirements for cell phone deduction

### REVENUE RAISERS HIGHLIGHTS

- Higher penalties for late and incorrect filing of information returns and payee statements
- Stricter sourcing for guarantee fees
- Increased estimated tax payments for large corporations
- Information reporting requirement for rental property expenses
- IRS allowed to issue levies before a collection due process hearing for cases involving certain federal contractors

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