

Small Business Jobs Act of 2010 Tax Provisions

Small Business/Self-Employed Division
April 7, 2011

Stakeholder Liaison



Section 2021

**Increased expensing limitations for 2010 & 2011;
certain real property treated as Code Section 179
property**

- Section 179 Election: recover all or part of the cost of certain qualifying property, up to a limit, by deducting it in the year the property is placed in service. (can be made instead of recovering the cost by taking depreciation deductions.)
- Form 4562, *Depreciation & Amortization*



Section 2021

Increased expensing limitations for 2010 & 2011; certain real property treated as Code Section 179 property

- For tax years 2010 and 2011,
 - the *total* amount business taxpayers can elect to deduct for *most* property placed in service is \$500,000.
 - definition of property qualifying for section 179 is **expanded** to include the following real property:
 - Qualified leasehold improvement property
 - Qualified restaurant property
 - Qualified retail improvement property
- Form 4562, *Depreciation & Amortization*



Section 2022

Additional first-year depreciation for 50% of the basis of certain qualified property

- Taxpayers were permitted a special bonus depreciation deduction of 50% of qualifying property placed in service during the year
- 2022 **extends** the first-year bonus depreciation deduction of 50% to include qualified property acquired and placed in service **during 2010**.
- Form 4562, *Depreciation & Amortization*



Section 2022

Additional first-year depreciation for 50% of the basis of certain qualified property

- The Tax Relief Act of 2010 *expands* the bonus depreciation deduction to equal 100 percent of the cost of qualified property placed in service after September 8, 2010, and before January 1, 2012, and provides for a 50 percent first-year depreciation deduction for qualified property placed in service after December 31, 2011 and before January 1, 2013.
- Form 4562, *Depreciation & Amortization*



Resources

- IRS.gov
- Small Business Jobs Act on IRS.gov:

Other non-IRS resources

Library of Congress: <http://thomas.loc.gov/>

US Senate Finance Committee HR 5297:

<http://finance.senate.gov/legislation/details/?id=da799068-5056-a032-5229-92ceb2b7a0>



Small Business Health Care Tax Credit



Amount of Credit

- Small employers
 - For 2010, generally up to 35% of premiums paid
 - For 2014, the rate increases to 50%
- Tax-exempt employers
 - For 2010, generally up to 25% of premiums paid,
 - For 2014, the rate increases to 35%



Who Qualifies

- Paid premiums for employee health insurance under a qualifying arrangement
- Have fewer than 25 full-time equivalent employees (FTEs) for the tax year
- Paid average annual wages for the tax year of less than 50,000 per FTE



Eligibility Rules

- Individuals considered employees:
 - all employees who perform services for you during the tax year
- Excluded employees:
 - Owner of a sole proprietorship
 - Partner in a partnership
 - Shareholders owning more than 2%
 - Family members



Claiming the Credit

- Employers
 - Income tax returns; Forms 1040, 1065, 1120 & 1120S
 - Attach Form 8941
- Tax-exempt Employers
 - Form 990T
 - Attach Form 8941



Additional Resources

- HHS websites
 - HealthCare.gov and the Spanish-language CuidadoDeSalud.Gov.
- IRS.gov
 - Small Business Health Care Tax Credit @ <http://www.irs.gov/newsroom/article/0,,id=223666,00.html>
 - Widgets @ <http://www.marketingexpress.irs.gov/mexpress/widgets/>
 - Webinar file available soon on irsvideos.gov

