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Tax Planning & Advocacy

Small Business Jobs Act of 2010

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President Obama signed the Small Business Jobs Act (H.R. 5297), which includes \$12 billion in tax incentives, on September 27, 2010. The new law includes many tax incentives that are effective immediately, such as bonus depreciation for 2010, enhanced Code Sec.179 expensing for 2010 and 2011, deductions for self-employed taxpayers for the cost of health insurance (for purposes of computing self-employment taxes), and an increased start-up expense deduction. The Act also allows certain businesses to carry back their general business credits five years to offset taxes paid in those prior years, resulting in a current tax benefit.

The Act reduces of the S corporation built-in gains period from 10 years to 5 years for 2011. For S corporations that were previously C corporations, the Act provides a window of opportunity to sell appreciated assets without the imposition of an additional corporate level tax.

The new law, however, is not all positive news for certain taxpayers. For example, one of the more controversial provisions will require individuals receiving rental income from real property to file information returns with the IRS and to service providers reporting payments of \$600 or more during the year for rental property expenses.

Because of the immediate effective dates of many of the provisions in the new law, taxpayers need to quickly, but comprehensively, review how best to maximize the incentives.

If you have any questions about the Small Business Jobs Act of 2010, please contact **Katie Centolella at (315) 701-6468 or kcentolella@gslaw.com**, or **Tim Lynn at (315) 701-6426 or tlynn@gslaw.com** to assist you in implementing the applicable incentives before year-end.



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