

Summary of the Provisions of the Small Business Jobs Act of 2010

Provisions Impacting Businesses	Prior Law	Small Business Jobs Act of 2010
Enhanced Section 179 expensing.	Business property acquisitions up to \$250,000 could be expensed for 2010, with an investment limitation threshold of \$800,000. The \$250,000 limit was reduced by the amount of the cost exceeding \$800,000, and no expense could be taken for acquisitions over \$1,050,000.	Increases the maximum expensing amount to \$500,000, and the beginning of the phase-out amount to \$2,000,000 for 2010 and 2011. The \$500,000 expense limit is reduced by the amount of total property that exceeds \$2,000,000. No expense can be taken for property exceeding \$2,500,000.
Section 179 expensing now includes real property.	Real property cannot be expensed under Section 179.	Certain real property is eligible for expensing under Section 179, including qualified leasehold improvement, restaurant and retail-improvement property.
Increased deduction for start-up expenses.	Start-up expenditures businesses could deduct were \$5,000. The expense phase-out threshold was \$50,000.	Start-up expenditures businesses may deduct have been temporarily increased to \$10,000 for tax year 2010. The phase-out threshold is also temporarily increased to \$60,000.
General business credits carried back five years and allowable as credit for AMT.	Excess credits could be carried back for only one year, and only certain credits could be used to offset the Alternative Minimum Tax (AMT).	For tax years beginning in 2010, excess credits can be carried back for up to five years, and all credits can be used to offset AMT.
Removal of cell phones from listed property.	Cell phones were deemed to be listed property and subject to strict substantiation requirements.	Cell phones and comparable communications equipment are removed from the definition of listed property, beginning in 2010.
Reduced S corporation holding period for built-in gains tax.	When a C corporation elected to become an S corporation, it was required to hold appreciated assets for 10 years following the conversion or face a 35-percent tax on all gains that were built-in at the time of the election.	For tax years starting in 2011, the holding period is reduced from 10 to five years. For tax years beginning in 2009 and 2010, no tax is imposed on the net unrecognized built-in gains of an S corporation if the seventh tax year in the recognition period preceded the 2009 and 2010 tax years.
First-year dollar cap for autos boosted by \$8,000.	The adjusted first-year limit on depreciation deductions for automobiles placed in service in 2010 was \$3,060 for passenger autos and \$3,160 for light trucks and vans.	Increased first-year deduction limits by \$8,000 to \$11,060 for passenger autos and \$11,160 for light trucks and vans for automobiles placed in service in 2010.
Bonus first-year depreciation extended through 2010.	The American Recovery and Reinvestment Act (ARRA) enacted in February 2009 extended bonus depreciation through calendar-year 2009.	Further extends bonus depreciation, allowing an immediate write-off of 50 percent of the cost of qualifying property placed in service in 2010.

Provision Impacting Individuals	Prior Law	Small Business Jobs Act of 2010
Ability to deduct health insurance when calculating self-employment tax.	Self-employed taxpayers could not deduct the cost of health insurance for purposes of calculating the self-employment tax.	Self-employed taxpayers can now deduct the cost of health insurance incurred in 2010 (including children under age 27 only) when computing self-employment taxes.
Requirement to report rental-property expense payments.	Not Applicable.	Owners of rental real estate are required to file Form 1099 information returns for payments of \$600 or more made after December 31, 2010, for rental-property expenses. Certain exceptions are available for individuals renting their principal residence, as well as active members of the military. Also, starting in 2011, penalties for failing to file Form 1099 will increase and, in many cases, double.
Participants in governmental 457 plans can treat elective deferrals as Roth contributions.	The Roth option was previously available only to 401(k) and 403(b) participants.	State- and local-government-sponsored 457(b) retirement plans will include Roth accounts starting in 2011.
Rollovers from elective deferral plans to Roth IRA accounts.	Non-Roth retirement savings could be converted into Roth savings only by (A) converting a traditional IRA into a Roth IRA, or (B) directly rolling non-Roth funds from a tax-favored retirement plan (such as a 401(k), 403(b) or governmental 457(b) plan) into a Roth IRA. Such a rollover was treated—for tax purposes—as a non-taxable rollover to a traditional IRA, followed by a taxable conversion to a Roth IRA.	Participants of 401(k), 403(b) and governmental 457(b) plans may now roll their pre-tax accounts into a Roth account, effective September 27, 2010. The rollover is taxable in the year of rollover; however, future distributions of both principal and income will generally be tax-free, unless the taxpayer has not attained age 59½. If the rollover is made in 2010, the participant can elect to report 50 percent of the rollover as income in 2011 and 50 percent in 2012.
100-Percent exclusion of small-business capital gains.	The American Recovery and Reinvestment Act of 2009 (enacted in February 2009) allowed individuals to exclude 75 percent of the gain from the sale of certain small-business stock held for more than five years, for stock issued after the date of enactment and before January 1, 2011.	Excludes 100 percent of the gain from the sale of qualifying small-business stock acquired after September 27, 2010, and before January 11, 2011, and held for more than five years.

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