

# Small Business Jobs Act of 2010: Eight Tax Breaks for Small Businesses

On September 27, 2010, the **Small Business Jobs Act of 2010** was signed into law. The new bill extends the SBA loan provisions, and other opportunities in government contracting, exporting, and counseling for small business owners. The Act also includes significant taxpayer-friendly changes for small businesses. You can learn about all of the new legislation at <http://www.sba.gov/jobsact/>. For the purpose of this article we will focus on the tax breaks for small businesses, since they will affect the most businesses.

The eight tax breaks for small businesses contained in the Small Business Jobs Act are as follows:

1. The Section 179 **expensing limit** for new asset purchases such as equipment, computers, etc has been expanded to \$500,000 for the years 2010 and 2011. For the first time, some types of real estate improvement costs also qualify for expensing.
2. Unused general business credits from 2010 can be **carried back five years**. This allows most small businesses to offset as many as five years of taxes as well as the Alternative Minimum Tax.
3. The new Act retroactively **reinstates 50% first-year bonus depreciation** for one year, to cover qualifying new (not used) personal property placed in service by 12/31/2010.
4. The new Act **exempts** 100% of the gain realized on sales of Qualified Small Business Corporations (QSBC) held over five years and originally issued between 9/28/2010 and 12/31/2010. Therefore, the 100% exclusion is available for sales that occur in 2015 and beyond.
5. There is a **temporary increase in deductions** for start-up. Entrepreneurs can deduct \$10,000 from their taxes for this year. Start-up expenses include the cost of advertising, travel, market research or training employees prior to opening the business.
6. The act removes **cell phone and similar telecommunications equipment** from “listed property” classification, relaxing the rules on their deductibility.
7. There are **deductions for health insurance costs** for the self-employed for 2010. Self-employed business owners can deduct health insurance costs for themselves and their families on their 2010 tax returns. This means that business owners will be allowed the deduction of health insurance premiums on the business tax returns and schedules of the pass-through entities, rather than as adjustments to gross income on Form 1040.
8. Penalties for **errors in tax reporting** have been based on a fixed dollar amount and will now be on a percentage basis of the error itself. Tougher penalties for failure to comply with Form 1099 reporting rules due in 2011 and beyond are included in the Act. Also, for payments made after 2010, rental property owners will be considered a business for purposes of filing Form 1099s for any service provider that is paid \$600 or more during 2011.

Almost all of these new tax breaks are for this year only, so make sure to consult your accountant right away. And by the way, this article is provided for informational purposes and is not intended to be construed as legal, accounting, or other professional advice. Again, for further information, please consult appropriate professional tax advice from your accountant. We have several in Sumner and surrounding counties.

### **November Workshops**

**How to Start a Small Business** workshop of Volunteer State Community College's Tennessee Small Business Development Center, 4-6 p.m. Thursday, November 4, Betty Gibson Hall, Room 107C, of Vol State annex next to campus on Gap Blvd. in Gallatin. Registration is required. Reserve online. [www.tsbdc.org](http://www.tsbdc.org). **Free.**

**Best Legal Advice for Small Businesses** workshop of Volunteer State Community College's Tennessee Small Business Development Center, 2-4 p.m. Friday, November 12, Betty Gibson Hall, Room 107C, of Vol State annex next to campus on Gap Blvd. in Gallatin. Registration is required. Reserve online. [www.tsbdc.org](http://www.tsbdc.org). **Free.**

**Web Design Basics - Do's & Don'ts** workshop of Volunteer State Community College's Tennessee Small Business Development Center, 3-5 p.m. Wednesday, November 17, Betty Gibson Hall, Room 107C, of Vol State annex next to campus on Gap Blvd. in Gallatin. Registration is required. Reserve online. [www.tsbdc.org](http://www.tsbdc.org). **Free.**

**Developing a Business Plan** workshop of Volunteer State Community College's Tennessee Small Business Development Center, 1:30-4:30 p.m. Thursday, November 18, Betty Gibson Hall, Room 107C, of Vol State annex next to campus on Gap Blvd. in Gallatin. Registration is required. Reserve online. [www.tsbdc.org](http://www.tsbdc.org). **\$20.**

The TSBDC also offers free and confidential one-on-one counseling for existing and start up small businesses. To register for go to [www.tsbdc.org](http://www.tsbdc.org).

**Other contact information - Phone (615) 230-4780 [www.volstate.edu/tsbdc](http://www.volstate.edu/tsbdc)**

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