



STANISLAWSKI & COMPANY, INC.

A Certified Public Accounting and Business Consulting Firm

September ~ October 2010

RE: 2010 Small Business Jobs Act – Finally Some Good News

Dear Friends of Stanislawski & Company, Inc.:

It's not often that we have the opportunity to write you with good news in regards to tax deductions for businesses. So we are happy to send you this newsletter discussing the 2010 Small Business Jobs Act which includes a wide-ranging assortment of tax breaks and incentives for small businesses which was just enacted on September 27, 2010! Here's a brief overview of the tax changes in the new law.

Enhanced small business expensing (Section 179 expensing). In order to help small businesses quickly recover the cost of certain capital expenses, small business taxpayers can elect to write off the cost of these expenses in the year of acquisition in lieu of recovering these costs over time through depreciation. Under pre-2010 Small Business Jobs Act law, taxpayers could expense up to \$250,000 of qualifying property - generally, machinery, equipment and certain software. Under the new law, for tax years beginning in 2010 and 2011, the \$250,000 limit is increased to \$500,000 and the investment ceiling to \$2,000,000.

The new law also makes certain real property eligible for expensing. For property placed in service in any tax year beginning in 2010 or 2011, the up-to-\$500,000 of property expensed can include up to \$250,000 of qualified real property (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property).

Extension of 50% bonus first-year depreciation. In previous legislation, Congress allowed businesses to more rapidly deduct capital expenditures of most new tangible personal property, and certain other new property, placed in service in 2008 or 2009 (2010 for certain property), by permitting the first-year write-off of 50% of the cost. The new law extends the first-year 50% write-off to apply to qualifying property placed in service in 2010 (2011 for certain property).

Boosted deduction for start-up expenditures. The new law allows taxpayers to deduct up to \$10,000 in trade or business start-up expenditures for 2010. The amount that a business can deduct is reduced by the amount by which startup expenditures exceed \$60,000. Previously, the limit of these deductions was capped at \$5,000, subject to a \$50,000 phase-out threshold.

Deductibility of health insurance for the purpose of calculating self-employment tax. The new law allows business owners to deduct the cost of health insurance incurred in 2010 for themselves and their family members in calculating their 2010 self-employment tax.

These are just some of the important changes in the new law. If you would like more details about any aspect of the new legislation, please do not hesitate to call us. Our mission is to work together to improve your life by providing business and personal solutions.

Sincerely,

Charles G. Stanislawski, M.B.T., C.P.A

Business is great at Stanislawski & Company, Inc. and we are looking for more.