

**CLIENT MEMO
SMALL BUSINESS JOBS BILL**

The Small Business Jobs Act, as approved by the Senate on September 16, cleared the House last Thursday morning and has been signed into law by the President yesterday. This bill provides an estimated \$12 billion in tax breaks for small businesses and individuals, and creates a new \$30 billion Small Business Lending Fund to facilitate small banks in lending to small businesses.

Many provisions in the bill are targeted to assist small business operations through additional tax deductions and tax credits or exclusions. A snap shot of some of these tax relief provisions are as follows:

- ✓ Increasing IRC Section 179 allowance to a maximum of \$500,000, phasing out at \$2 million, for immediate write offs of capital investments in 2010 and 2011.
- ✓ Expanding the list of real property qualifying for immediate expensing. The list includes leasehold, retail and restaurant improvements.
- ✓ Extending the first-year 50% bonus depreciation for one more year on real property acquired and placed in service in 2010.
- ✓ Removing cell phones from the listed property category.
- ✓ Doubling the deduction for trade or business startup expenses from \$5,000 to \$10,000 for tax years beginning in 2010 and 2011.
- ✓ Extending carryback period for unused general business credits for eligible small businesses from one to five years.
- ✓ Allowing 100 percent exclusion of capital gains on investments in small business.
- ✓ Improving tax fairness by preventing small businesses from incurring large tax penalties.
- ✓ Permitting rollovers from elective deferral plans to Roth accounts.

The tax relief is expected to be fully paid for by several revenue-raising provisions also contained in the bill. If you have any questions regarding the bill or how its various provisions may impact you and your business, please do not hesitate to contact us for a strategic business and tax planning appointment.

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