

## 2009 Business Tax Relief Advisory\*

In February 2009, Congress enacted the American Recovery and Reinvestment Act of 2009 (**H.R. 1**). This legislation was designed to make increased spending by business more attractive for the 2009 tax year. This legislation also provides companies with incentives to purchase assets such as software, and improve their business. By understanding the full benefits provided by the passage of this act, and taking full advantage of them in 2009, companies can reduce the cost of qualifying property by purchasing it and placing it in service in 2009.

**Section 179 Expensing.** The Act extends the enhanced Section 179 expensing limit (\$250,000) for qualifying property placed in service in tax years beginning in 2009.

**“Bonus” First-year Depreciation.** The additional first year depreciation deduction of 50% available for certain types of depreciable property is generally extended for another year.

**Net Operating Loss (NOL) Carry back.** Smaller business taxpayers may elect to increase the NOL carry back period from two to five years for an NOL for the tax year ending in 2008 (or, at the taxpayer’s election, the tax year beginning in 2008).

**Work Opportunity Tax Credit (WOTC).** Two new targeted groups have been included for purposes of the WOTC: disconnected youths and unemployed veterans. The amount of the credit that an employer may claim is based on first-year wages.

**Small Business Estimated Tax Payment Relief.** Generally, for tax years beginning in 2009, the Act eases the annual estimated tax payment requirements for certain small business owners.

**Qualified Small Business Stock (QSBS).** The Act generally increases to 75% the percentage of capital gain that a non-corporate taxpayer can exclude upon the disposition of QSBS acquired after February 17, 2009, and prior to 2011.

**S Corporation Built-in Gains.** The Act temporarily reduces the recognition period for a converted C corporation on built-in gains from ten to seven years for tax years beginning in 2009 and 2010.

*Note: To ensure compliance with Treasury Department regulations, we wish to inform you that any tax advice that may be contained in this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or applicable state or local tax law provisions or (ii) promoting, marketing or recommending to another party any tax-related matters addressed herein. Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your firm's individual needs.*