

Small Business Jobs Act Boosts Tax Deductions

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Small business owners will benefit from significant tax deductions in 2010 and 2011 thanks to the Small Business Jobs Act which was recently signed into law. One aspect of the new law that small business owners are keen on is Section 179, this part of the law pertains to business equipment tax deductions and amount of money available for deduction.

Prior to the passage of the act, which is fully named The Small Business Jobs and Credit Act of 2010 (H.R. 5279), business owners were unsure of the status of Section 179. The benefits and deductions granted under this particular section were set to expire this year and there were not many indications that Section 179 would be extended or increased. Luckily for business owners, the popular section will be increased significantly and will go into effect for 2010 and 2011.

An early reading of the bill by Section179.org, a free online resource that specializes in Section 179 in an accessible manner, suggests that the amount of equipment purchases and the total amount of money available for deduction both will increase. An \$800,000 limit for total amount of equipment purchased will be raised to \$2 million, while the amount available for deduction will go from \$250,000 to \$500,000.

Chris Fletcher a spokesperson for Section179.Org stated, "It's been a rough two years for many businesses, and now with these new increases in tax deductions for equipment, software, and vehicles – all of a sudden, 2010 can look a whole lot brighter in terms of net profit from the Section 179 tax deduction combined with equipment financing." He continued, "This is because if a company finances or leases the equipment, they can take the entire deduction this year, while only paying out a small portion. So Section 179 can literally result in net positive dollars deposited in a company's bank account- giving a substantial boost to a company's bottom line this year."