

American Recovery and Reinvestment Act of 2009

Earlier this year Congress passed, and the President signed, the American Recovery and Reinvestment Act of 2009. The new law provides immediate tax relief to both individual tax payers and businesses. Most of the tax incentives in the law are retroactive to January 1, 2009 and are effective through 2010. The following tax incentives are in effect for businesses.

Bonus Depreciation – The new law extends the first year 50-percent bonus depreciation through December 31, 2009.

Tax Code Section 179 Expensing – The increased section 179 expensing of \$250,000 has been extended through 2009.

NOL Carryback – The new law allows a five-year carryback of 2008 NOLs for small businesses with average gross receipts of \$15 million or less. The new law gives the choice to carry back NOLs three, four or five years. The new treatment will apply only to NOLs any tax year beginning or ending in 2008.

COBRA Benefits – This allows an individual who is involuntarily separated from employment between September 1, 2008 and January 1, 2010 to elect to pay 35% of their COBRA coverage and have it treated as if paying the full amount. The former employer will be required to pay the remaining 65% and will be “reimbursed by crediting those amounts against income tax withholding and payroll tax payments.

Contact our office at 440-926-9300 with any questions on how this may affect your business.