

## **Tax Tips**

### **American Taxpayer Relief Act of 2012—Businesses**

Although Congress averted many of the consequences of a possible tumble over the fiscal cliff with last-minute action, you should be aware of the potential impact on your business of the American Taxpayer Relief Act of 2012.

Several popular business tax provisions were set to expire at the end of 2012. For example, small business expensing under Internal Revenue Code Section 179 was increased retroactive to January 1, 2012, and extended through 2013. The dollar limit that can be expensed in 2012 and 2013 is \$500,000 and there is a \$2 million investment limit. You also can make use of the 15-year recovery period for qualified leasehold improvements, retail improvements and restaurant property until the end of 2013.

Many other business tax benefits that had expired or were set to expire were extended through 2013, including:

- The 50% bonus depreciation
- The Section 41 research tax credit
- The Work Opportunity Tax Credit for hiring veterans and other individuals who meet specific criteria
- The 100% exclusion for gains on a sale of small business stock
- Special tax incentives for businesses located in empowerment zones
- Rules on S corporations making charitable donations of property

These are just a few of the most important provisions of the new law. If you have any questions, please do not hesitate to call us.

If you have any questions regarding the above discussed topic or any other tax matter, please feel free to give me a call at (562) 698-9891.

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