

TOP 10 FED TAX LAW CHANGES 2010 – AN OREGON PERSPECTIVE

1. Bonus depreciation – 50% 1/1 through 9/8/2010; 100% 9/9/2010 through 12/31/2011
2. Sec 179 expensing - \$500,000 limit for 2010 and 2011; limit raised to \$125,000 for 2012 and beyond
3. Individual NOL carryback where bonus or excess §179 depreciation claimed in loss year; issue regarding double-deduction if taxpayer mistakenly claims subtraction in subsequent years.
4. Fed-State basis difference in assets acquired from 2010 decedent, where PR does not elect out of Fed Estate Tax. Modified c/over basis for OR; basis step-up for Fed.
5. Tax-free health benefits are now allowed for adult children under age 27, even if not dependent of the taxpayer/employee (pg 1)
6. Enhanced NOL carrybacks: not just small businesses; available for 2009 NOLs. OR automatically conforms to Fed NOL rules, amount for individuals
7. Startup costs: expensing threshold raised from \$5,000 to \$10,000
8. Earned income credit enhancements: OR EIC is 6% of federal
9. \$250 above-the-line deduction for teachers' classroom expenses
10. Qualified real property: extension thru 2011 of 15-yr depreciation and new §179 up to \$250k for 2010-2011. Applies to leasehold improvements, retail and restaurant improvements.