
Section 2

Changes in Law and Regulations

The statistics in this report reflect, in general, changes in law and regulations that became effective during the 2010 accounting periods covered. Depending on the accounting period used and effective date of the change in law, the changes may have been fully applicable for some corporations, only partially applicable for others, and not applicable at all for still others.

The information that follows highlights the major changes that substantially affected the comparability of the statistics in this report with those of prior years. More detail on the specific provisions that were changed is contained in Section 5, Explanation of Terms.

Credit for Small Employer Health Insurance Premiums

For tax years beginning after 2009, small employers that have paid less than \$50,000 on average in annual wages per full time employee during the tax year and employed fewer than 25 full-time employees are eligible to claim this credit. The maximum credit is 35% of certain premiums paid.

The credit for small employer health insurance premiums was established due to the Affordable Care Act of 2009 and is claimed as a part of the General Business Credit, Form 3800.

See Form 8941, Credit for Small Employer Health Insurance Premiums

Depreciation and Amortization

For tax years beginning in 2010, the maximum section 179 expense deduction is \$500,000 (\$535,000 for qualified enterprise zone property). This limit is reduced by the amount by which the cost of section 179 property placed in service during the tax year exceeds \$2 million.

The election to accelerate research and minimum tax credits in lieu of special depreciation allowance applies only to certain property placed in service before January 1, 2011. For fiscal years ending after December 31, 2010, only minimum tax credits can be elected to be accelerated in lieu of special depreciation allowance for round 2 extension property. The refundable credits are reported in the payments section of the return.

See form 4562, Depreciation and Amortization

New Hire Retention Credit

The credit can only be claimed if the qualified employee was hired after February 3, 2010 and before January 1, 2011, and worked for 52 consecutive weeks. The credit is the smaller of \$1,000 or 6.2 percent of the employee's wages (as defined for income tax withholding purposes) for the 52 consecutive week period.

The New Hire Retention Credit was enacted as part of the Hiring Incentives to Restore Employment (HIRE) Act on March 18, 2010 and is claimed as a part of the General Business Credit, Form 3800.

See Form 5884-B, New Hire Retention Credit

S Corporation Built-in Gains Tax

For tax years beginning in 2009 or 2010, no tax is imposed on the net recognized built-in gain of an S Corporation after the 7th tax year in recognition period.

