

## The Rodman Report - March 23, 2010



# \*Late Breaking News\*

## Health Care Reform Bill Passes

Late Sunday night the House of Representatives passed sweeping health care reform legislation. It is expected that this reform bill will be signed by President Obama. It is also expected that various amendments and corrections will be taken up by Congress this week and included in a separate bill to finalize the health care reform process undertaken by Congress over a year ago.

There are number of provisions in the bill that will have a significant impact on our clients. We will provide for our clients and friends an analysis of this legislation from a tax and business policy and process perspective as soon as possible once the final legislation is in place. We will do this in a future special edition of The Rodman Report.

## President Signs HIRE Act Carrying Hiring Incentives, Stimulus Measures

by  
Thomas Astore, Tax Director

On March 18th, President Obama signed into law H.R. 2847, the Hiring Incentives to Restore Employment (HIRE) Act. The HIRE Act:

- 1) Exempts employers from paying the employer share of Social Security employment taxes on wages paid in 2010 to newly hired, qualified unemployed workers. These are workers who: (1) begin employment with the employer after February 3, 2010 and before January 1, 2011; (2) were previously unemployed and; (3) do not replace other employees of the employer. The payroll tax relief applies only for wages paid with respect to employment beginning March 19th and before 2011.
- 2) Provides employers with an up-to-\$1,000 tax credit for retaining qualified unemployed workers. The workers must be employed by the employer for a period of not less than 52 consecutive weeks, and their wages for such employment during the last 26 weeks of the period must equal at least 80% of the wages for the first 26 weeks of the period.
- 3) For tax years beginning in 2010, boosts to \$250,000 the maximum amount that can be expensed under Code Sec. 179, and boosts to \$800,000 the beginning of the investment based phaseout amount.
- 4) Allows issuers of certain tax credit bonds to elect to receive a direct payment

instead of a tax credit to the bondholder.

- 5) Enacts a comprehensive set of measures to reduce offshore noncompliance.
- 6) Delays the application of worldwide allocation of interest for an additional three years.
- 7) Tinkers with estimated tax payments of large corporations in future tax years.

We will be happy to assist our clients and friends with understanding and applying the provisions of this new law. Please contact me or any Rodman Team member at your convenience.

## **Estate Tax, Direct Deposit of Refunds & The IRS Goes YouTube**

**by Thomas Astore, Tax Director**

This month I will be covering three diverse issues I thought may be of interest to our clients:

***Estate Tax.*** Continued Congressional inaction on the estate tax may pose a dilemma for some testators. We're well into March, and there still has been no further action on the part of Congress to undo the estate tax repeal that applies for individuals dying in 2010 - repeal doesn't necessarily mean that taxes will be lowered for heirs of a decedent dying in 2010. That's because estate tax repeal includes changes to the income tax basis rules for property acquired from a decedent. As a result of these income tax changes, some heirs could face higher combined estate and income tax costs if their loved one dies in 2010 than would have been the case if death had occurred in 2009.

Another issue that is gaining stature as more time elapses - wills using formula clauses that work well when the estate tax is in force may produce unintended tax consequences when there is no estate tax - such clauses could be construed to leave spouses with far less than the testator intended, and in some cases, even nothing. In addition, formula clauses operate to increase state death taxes.

You should consider meeting with your estate planning attorney or Rodman Team member to discuss any uncertainties related to your estate tax situation.

**Direct Deposit For Quicker Refunds.** If you want to get your refund as quickly as possible, you should complete the applicable page regarding direct deposit of refunds we sent you with your 2009 tax organizer.

There are a number of benefits to direct deposit including:

1. **Security.** Thousands of paper checks are returned to the IRS by the U.S. Postal Service every year as undeliverable mail. Direct deposit eliminates the possibility you won't receive your refund and prevents it from being stolen.
2. **Convenience.** The money goes directly into your bank account.
3. **Options.** You can also deposit your refund into multiple accounts. With the split refund option, taxpayers can divide their refunds among as many as three checking or savings accounts and up to three different U.S. financial institutions.

**IRS Videos on YouTube.** Have nothing to do on a Saturday night? The IRS has produced, on YouTube and in other digital venues, video and audio products to assist taxpayers in understanding basic tax facts as well as learning about specific tax issues. So sit back, pour a glass of your favorite beverage, and let the fun begin.

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Thank you for checking in on The Rodman Report. We'll see you next time.

Best regards,

*The Rodman Team*

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