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With four specific services, The Center provides complete unbiased planning. The Center does not sell any products; its main purpose is to provide advice. Local experts are retained to implement the plans developed by the Center. The Center for Financial, Legal & Tax Planning is located at 4501 W. DeYoung Street, Suite 200, Marion, Illinois 62959. Phone 618-997-3436; Fax 618-997-8370.

The American Recovery & Reinvestment Act of 2009: Not Just a Spending Package — it's Loaded With Private Business Tax Breaks

Every day, the headlines report more bad news regarding the economy. Unemployment and foreclosures are up; stocks are down along with consumer confidence and national GDP. Add to that, national banks, large manufacturers, and other large financial institutions are on the verge of failing. The country has officially now been in a recession for over a year.

On a more local level, everyone from the blue collar worker through the business owner is feeling the effects of what is going on in the national economy. It is not uncommon to drive through a neighborhood and see multiple "for sale" signs or even "foreclosure" signs. Many people fear losing their jobs. With this fear comes diminished consumer spending. Diminished consumer spending, of course, leads to more fear and even less spending.

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For certain, the country is experiencing its greatest economic challenge since the early 1980s, and some argue since the Great Depression. The Obama Administration is currently enacting its own legislation aimed at righting the ailing economy. In February, the Obama Administration and Congress enacted the American Recovery and Reinvestment Act of 2009 (ARRA). While some opponents labeled the ARRA a "spending bill," many experts take the position it is at least one step of many towards the right direction in recovery.

Our analysis of the ARRA reveals that while the ARRA will not act as a "trump card" for the economy's woes, the individual provisions in the ARRA encourage and provide incentives for many to 1) invest, and 2) reduce the tax burden on many closely-held businesses.

Section 179 Expensing

Since 2001, Section 179 Expensing amounts have grown considerably to encourage business investment. Last year, Section 179 Expensing was raised to $250,000 and was set to expire December 31, 2008. The ARRA has raised the Section 179 Expense amount back from its default $133,000 to $250,000. The investment phase-outs are once again dollar-for-dollar for investments made beginning at $800,000 and completely phasing out the deduction at $1,050,000. In other words, if a company makes $850,000 in qualifying capital investments in the year 2009, its Section 179 Expense is limited to $250,000. If the same company invests $1,000,000 in capital investments during 2009, its Section 179 Expense eligibility is limited to $50,000. Once the company invests $1,050,000 in qualifying capital investments, the Section 179 Expense is reduced to zero. Thus, it is intended to assist small land private companies to make capital expenditures. Section 179 Expense is elective and may be taken in its full eligible amount, in part, or not at all if the company elects to do so for tax and financial purposes.

Bonus Depreciation

Bonus Depreciation was initially revived for the 2008 tax year and ended December 31, 2008, the same year. The ARRA extended the bonus depreciation to include the entire year of 2009. Under bonus depreciation, small- and mid-market closely-held companies are eligible to deduct an additional 50% of the property's basis in the year of acquisition. This deduction is separate from

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