



# 2010 Annual Manufacturing Conference Tax Update

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# 2010 HIRE Act

- Incentive for Hiring Unemployed Workers
  - Employer Social Security tax (6.2%) holiday between 3/18/10 and 12/31/10 for Qualified Individuals hired after 2/3/10 and before 1/1/11
  - A qualified employer is:
    - An employer other than the Federal or a State government as well as any political subdivision thereof
    - Higher education institutions do qualify

# Hiring Incentive (cont.)

- Qualified Individual – cannot:
  - Have worked more than 40 hours during the preceding 60 day period leading up to their employment
  - Be replacing another employee, unless that employee voluntarily left or was fired for cause
  - Be a “qualifying relative” or dependent of the employer
  - If the taxpayer is a corporation - cannot own more than 50% of the outstanding stock of the corporation, directly or indirectly
  - If the taxpayer is an entity other than a corporation - cannot own more than 50% of the capital or profits of the entity, directly or indirectly
- Use Form W-11 for employee affidavit



# New Hire Retention Credit

- Credit for every retained worker equal to the lesser of \$1,000 or 6.2% of the wages paid by the employer during the 52 consecutive week period beginning with the date of employment.
- A “retained worker” means any Qualified Individual who is:
  - Employed by the taxpayer during the taxable year,
  - Who was so employed by the taxpayer for a period of not less than 52 consecutive weeks, and
  - Who received wages during the last 26 weeks that were at least 80% of the wages of the first 26 weeks of that period.



# Patient Protection Act

- New 1099 Requirements
  - Required for payments made for property as well as services
  - Required for payments made to corporations
  - Effective for payments made after 12/31/2011
  - Payments to exempt organizations, governmental entities, international organizations and retirement plans generally excepted from reporting

# New 1099 Requirements (cont.)

- Movement in Congress to relax rules for small business
  - Did not have enough votes to be included in Jobs Bill
  - Jobs Bill adds reporting requirement for real estate lessors – effective for payments after 12/31/10

# Current Tax Events – Jobs Bill

- Senate approved the Small Business Jobs Bill of 2010 on September 16<sup>th</sup>
- House has no plans to alter the bill, and is scheduled to vote on the bill this week

# Jobs Bill Tax Proposals

- Section 179 deduction for 2010 under current law
  - \$250,000 deduction with \$800,000 phase out
- Proposed Section 179 deduction
  - \$500,000 deduction limit
  - Phased out if more than \$2 million of 179 assets placed in service during year
  - Would be effective for tax years beginning in 2010 or 2011

# Jobs Bill Tax Proposals (cont.)

- Extension of bonus depreciation
  - 50% of asset cost
  - Original use of asset must commence with taxpayer
- Qualifying property
  - Personal property with a recovery life of 20 years or less
  - Software
  - Qualified leasehold improvements
- Would apply to assets placed in service in 2010



# Jobs Bill Tax Proposals (cont.)

- Cell phones would no longer be considered listed property
  - Reduction in substantiation rules
  - Removal of listed property depreciation limitations
- Would be effective for taxable years ending after 12/31/2009



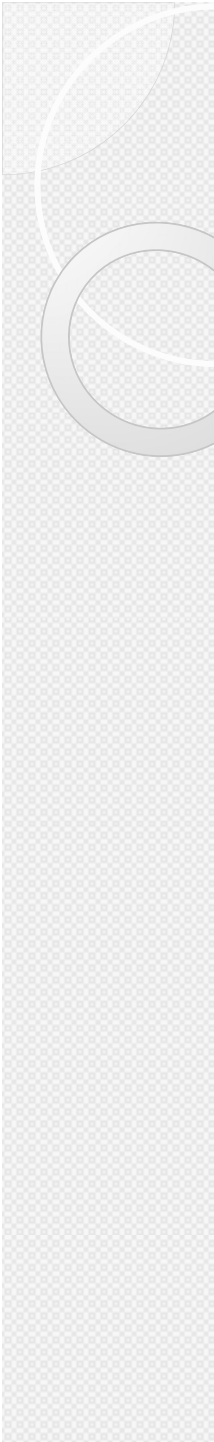
**2010 Annual  
Manufacturing Conference  
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**The drive toward a global  
accounting standard –  
some historical perspective.**

# IFRS

- IASB formed in 2001
- About 100 countries have adopted, but...
- SEC Roadmap 2008
- Change in administration and recession
- 2010 Statement and Workplan

# Convergence

- 2002 Norwalk agreement
- 2006 Memorandum of understanding
- 2008 Update
- G-20 call & resulting joint statement

# Joint Statement

- Plan to issue 10 statements by June 2011
- Joint progress report June 2010 delays “target completion date”

# Current Status

Project	Exposure Draft	Comments Due	Round-Table Meeting	Final Standard
<b>Round 1</b>				
Financial Instruments	5/26/2010	9/30/2010	Oct. TBA	Q2 2011
Presentation of Other Comprehensive Income	5/26/2010	9/30/2010		Q2 2011
Revenue Recognition	6/24/2010	10/22/2010	Q4 2010	Q2 2011
Fair Value Measurement	6/29/2010	9/7/2010		Q1 2011
<b>Round 2</b>				
Insurance Contracts	Q3 2010	Fourth month comment period		Q2 2011
Leases	8/17/2010	12/15/2010		Q2 2011
Consolidations	Q4 2010			Q2 2011
Derecognition				Q3 2011
<b>Round 3</b>				
Financial Instruments With Characteristics of Equity	Early 2011			Q4 2011
Financial Statement Presentation	Early 2011			Q4 2011

# Revenue Recognition – 5 Step Process

- Identify the contract(s) with the customer
- Identify the separate performance obligations
- Determine the transaction price
- Allocate the transaction price to the performance obligations
- Recognize revenue when a performance obligation is satisfied

# Lease Accounting

- Balance sheet impacts
- Lessee
  - Record liability for payments
  - Record right-of-use asset
- Lessor
  - Record receivable
  - Record liability/derecognize asset, depending

# Complicating Factors

- Herz resignation
- Change in board composition
- Tweedie stepping down

# On the Horizon

- Financial statement presentation
  - Pensions
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# Other Developments

- IFRS for SMEs
  - PCFRC/Blue Ribbon Panel
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