

SMALL BUSINESS JOBS ACT: IN NAME ONLY

For those hoping for change after November 2008, they got it. On September 27, 2010, Congress signed into law the 2010 Small Business Jobs Act.

This law mandates persons or legal entities which receive passive income from real property to submit 1099 forms to the Internal Revenue Service. This 1099 rule applies when the property owner reports deductions of \$600 or more for the property's operating year. Failure to comply with this new regulation may result in disallowance of deductions.

What kinds of services fall under this new law? Any type of expense: Plumbing repairs, gardener, handyman work, pool maintenance.

Specifically, you, the property owner, must now categorize your

service providers. And for each category, you will need to specifically identify the service provider by name and tax identification number.

The mechanics of the law's requirement are as follows: You, the property owner, must issue a form 1099 to all your service providers by January 31, 2012 in order for you to make a de-

duction for the year 2011. However, the law does not stop there. By February 28, 2012, you then must file a copy of the form 1099 with the Internal Revenue Service accompanied with Form 1096 in order to ensure your 2011 calendar year deduction. Be aware, these reporting requirements are not just for individual proprietors. They also apply if the service provider is a corporation.

The 2010 Small Business Jobs Act really has nothing to do with promoting small businesses. It simply makes property owners defacto Internal Revenue Service reporting agents.

Enjoy!



Norm's Restaurant: Irony in today's economy

Economic Forecast

I will repeat what I said in my last newsletter. Expect inflation to become more evident in 2011. Inflation is a certain long term event.

However, we may see a subtle double-dip in the economy before the full force of inflation kicks in. This is so because banks are currently averse to making household and business loans. Notable economic

expansion will not occur as long as banks are sitting on their reserves.

However, with the federal government engaging in various "Quantitative Easing" tactics, the long term prospect for inflation is certain. And when it happens, commodities, equities and real estate will be viewed with renewed appreciation.

AJB

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FOSSIL FUEL APPLIANCES	3
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