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EARLELAW NEWSLETTER

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Filing Deadline Looms for Special Refund Claims

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Issue Number: 2009-32

The Internal Revenue Service (IRS) has advised that time is running out for small businesses to take advantage of the expanded business loss carryback option included in this year's recovery law. Eligible individuals have until October 15 to choose this expanded carryback option. Eligible calendar-year corporations have until September 15.

The carryback provision offers small businesses that lost money in 2008 an excellent way to quickly get some much needed cash if they were profitable during previous years.

Under the American Recovery and Reinvestment Act (ARRA), enacted in February, many small businesses that had expenses exceeding their income for 2008 can choose to carry the resulting loss back for up to five years, instead of the usual two. This means that a business that had a net operating loss (NOL) in 2008 could carry that loss as far back as tax-year 2003, rather than the usual 2006. Not only could this mean a special tax refund, but the refund could be larger, because the loss is being spread over as many as five tax years, rather than just two.

This option may be particularly helpful to any eligible small business with a large loss in 2008. A small business that chooses this option can benefit by:

* Offsetting the loss against income earned in up to five prior tax years;

* Getting a refund of taxes paid up to five years ago; and/or

* Using up part or all of the loss now, rather than waiting to claim it on future tax returns.

Under ARRA, eligible taxpayers can choose to carry back a NOL arising in a taxable year

beginning or ending in 2008 for three, four or five years instead of two. The option is available for an eligible small business (ESB) that has no more than an average of \$15 million in gross receipts over a three-year period ending with the tax year of the NOL. This choice may be made for only one tax year.

Please contact Earle Law Offices today to obtain assistance with this, or other, tax issues.

Earle Law Offices provides trial and appellate litigation, as well as non-litigation, legal services in the areas of business law, family law, real estate law, tax law, and trusts and estates.

* Mr. Earle is licensed to practice law in all California state trial and appellate courts, the United States Supreme Court, the United States Court of Appeals for the Fourth and Ninth Circuits, federal trial courts in the Northern District of California, and the United States Tax Court. He has served as a Judge Pro Tempore for the Santa Clara Superior Court, and is also a licensed Real Estate Broker.

Mr. Earle received his law degree from the Santa Clara University School of Law, where he served as an Editor of the school's Law Review, and where he received awards for academic excellence. He received his undergraduate degree, with honors, in business administration from the University of La Verne.

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