

Obama Pushing Small-Business Tax Breaks

By Steven Sloan, CQ Staff

The Obama administration on Monday previewed a pair of small-business tax breaks it expects to include in its fiscal 2012 budget request that will be released on Feb. 14.

Much of the focus is on a proposal that would permanently eliminate capital gains taxes on small-business investments. The administration also plans to expand the New Markets Tax Credit to spur investment in small businesses that operate in lower-income communities.

The proposals are part of the administration's broader effort to encourage more investment in American business and infrastructure. Obama said the "Startup America" initiative would "encourage private sector investment in job-creating startups and small firms."

The White House did not specify how much the tax breaks would cost.

Republicans have expressed ambivalence about the administration's investment effort, worrying that it could simply serve as a disguise for more spending. But it is possible the tax proposal could win some support for the GOP.

Small-business legislation enacted last September ([PL 111-240](#)) included the temporary elimination of capital gains taxes on investments in small businesses. But the yearend tax package ([PL 111-312](#)) Obama negotiated with Senate Republicans extended the breaks through Jan. 1, 2012.

Both pieces of legislation allow investors to exclude the gains from the sale of certain small business stock from their income for tax purposes if the stock is held for more than five years.