

Obama outlines tax relief, loan backing

by UPI

WASHINGTON -- U.S. small business will get tax incentives and relief combined with efforts to thaw lending in a package outlined Monday by U.S. President Barack Obama.

Obama and U.S. Treasury Secretary Tim Geithner outlined elements of plans to take immediate action to help ensure that credit gets flowing again to entrepreneurs and business owners after meeting with a group of small-business owners, community bankers and lawmakers.

"Small businesses are the heart of the American economy," Obama said. "They're responsible for half of all private sector jobs and they created roughly 70 percent of all new jobs in the past decade."

Among the efforts to help open credit to small businesses, the Treasury Department will purchase securities backed by Small Business Association loans and will be prepared to buy new securities to ensure that community banks and credit unions have confidence in loaning money to local businesses.

Small-business owners applauded Geithner's announcement that the Internal Revenue Service will allow businesses to carry back operating losses to five years instead of two "to help increase your case flow and allow you to invest more in your operations."

The Treasury secretary also drew applause when he announced efforts to reduce and eventually eliminate

capital gains taxes for small businesses capital and other tax incentives.

Geithner also said he wanted to send "a clear message" to banks.

Geithner said he was asking for new reporting requirements on small-business lending, including requiring the largest 21 banks receiving bailout funds to include small-business loans in their monthly reports. He also will asks bank regulators to call for quarterly reporting of small-business loans.

"We need every bank in the country to do everything in their power to provide the credit that small business needs to operate and to expand," he said, adding the reminder, "And given that role that many banks played in causing this crisis, you bear a special responsibility for helping America get out of it."

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