

Protecting Americans from Tax Hikes Act of 2015

Enacted December 18, 2015

Individual Income Tax Provisions (Extended):

- Above-the-line deduction for qualified tuition and related expenses extended through 2016.
- Cancellation of mortgage indebtedness on a principle residence of up to \$2M excluded through 2016.
- Mortgage insurance premiums treated as qualified residence interest extended through 2016.
- \$500 energy credit for home improvements extended through 2016.

Individual Income Tax Provisions (Made Permanent):

- Election to claim an itemized deduction for general sales tax in lieu of actual state and local taxes.
- American Opportunity Tax Credit for qualified tuition and other higher education expenses.
- Child Tax Credit of \$1,000 for qualifying dependents under age 17.
- Earned Income Credit.
- Teacher's Classroom Expense Deduction for AGI, up to \$250.
- Transit Benefits Parity: Monthly exclusion of up to \$250 (\$255 for 2016) for transit pass, van pools and qualified parking. Indexed for inflation.
- Tax-Free Charitable Distributions of up to \$100K from IRA's for those age 70.5 and older to a qualified charitable organization.
- Qualified Conservation Contributions.

Business Tax Provisions (Extended):

- First-year Bonus Depreciation extended at 50% for 2015-2017, 40% for 2018 and 30% for 2019.
- Work Opportunity Tax Credit extended through 2019.
- New Markets Tax Credit extended through 2019.
- Look-thru treatment for Controlled Foreign Corporations extended through 2019.
- Production Tax Credit for wind energy extended through 2019, but is phased-down.
- Various other business tax provisions extended through 2016.
- Various other energy related tax credits extended through 2016.

Business Tax Provisions (Made Permanent):

- Section 179 dollar limitation is set at \$500K with a \$2M maximum investment limitation before phaseout, indexed for inflation starting in 2016.
- 15-year straight-line recovery period for qualified leasehold improvements, qualified retail improvements and qualified restaurant property.
- Research and Development Tax Credit.
- 100% Gain Exclusion on Qualified Business Stock held for more than five years by non-corporate taxpayers.
- Five year recognition period for Built-In-Gains following conversion from a C to an S-Corporation.

Affordable Care Act:

- Delays for two years the ACA excise tax on "Cadillac" health insurance plans.
- Imposes a two-year moratorium on ACA excise tax on qualified medical devices, for 2016-17.
- Imposes a one-year moratorium on ACA health insurance provider fees, for 2017.

Miscellaneous Provisions:

- Section 529 plan distributions: Computer equipment and technology are permanently considered qualified expenses.
- Distributions from Section 529 accounts are permitted to be rolled over to an ABLE account, penalty-free, subject to certain limitations.
- Certain information returns are required to be filed with the IRS by January 31.
- No refunds will be issued before February 15 for returns where the Earned Income Credit or Additional Child Tax Credit have been claimed, to cut down on fraudulent refunds being issued.

Note: This is only a partial list of the provisions in the Act. Please give us a call to discuss an item in greater depth or to inquire about an item not on this list.

Disclaimer: This document represents a general overview of recent tax developments and should not be relied upon without an independent, professional analysis of how any of these provisions may apply to your specific situation. Any tax information contained in the body of this narrative was not intended or written to be used, and cannot be used, by the recipient for the purposes of avoiding penalties that may be imposed under the Internal Revenue Code or provisions of applicable state or local law.

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