Anchin Alert

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2015 “Extenders” Legislation Does More Than Just Extend Tax Breaks

On December 18, the Senate passed the Protecting Americans from Tax Hikes Act of 2015 (the PATH Act), which the House had passed on December 17. Many popular tax breaks had expired December 31, 2014, so for them to be available for 2015, Congress had to pass legislation extending them. But the PATH Act does more than that.

Instead of extending breaks for just a year or two, which had been Congress’s modus operandi in recent years, the PATH Act **makes many popular breaks permanent** and extends others for several years. The PATH Act also enhances certain breaks and puts a moratorium on the Affordable Care Act’s controversial medical device excise tax.

It’s not all good news for taxpayers, however. For example, while the PATH Act does extend bonus depreciation through 2019, it gradually reduces its benefits. And it extends some breaks only through 2016.

Here is a quick rundown of some of the key breaks that have been extended or made permanent that may benefit you or your business.

Breaks made permanent
- Enhanced Section 179 expensing election
- Depreciation-related breaks for qualified leasehold-improvement, restaurant and retail-improvement property
- Research credit
- Reduction in S corporation recognition period for built-in gains tax
- Transit benefit parity
- Deduction for charitable contributions of food inventory
- Specials rule for contributions of capital gain real property made for conservation purposes
- IRA distributions to charity
- Deduction for certain expenses of elementary and secondary school teachers
- State and local sales tax deduction
- Small business stock gains exclusion
- Enhanced child credit
- American Opportunity credit

Breaks extended through 2019
- Bonus depreciation
- Work Opportunity credit
- New Markets credit

Breaks extended through 2016
- Empowerment Zone tax incentives
- Mortgage debt forgiveness exclusion
- Deductibility of mortgage insurance premiums
- Qualified tuition and related expenses deduction
- Various energy-efficiency tax credits

Year-end planning opportunities still available

Many of the PATH Act's provisions provide an opportunity for taxpayers to enjoy significant tax savings on their 2015 income tax returns — but quick action (before January 1, 2016) may be needed to take advantage of some of them. Even if you cannot act in 2015, you can avail yourself of these opportunities in 2016 and beyond. If you have any questions while we are evaluating your tax situation, please contact your Anchin Relationship Partner.

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