The Tax Extenders in Detail

December 21, 2015

The "**Protecting Americans from Tax Hikes Act of 2015**," was recently passed by the House and the Senate at and signed into law by President Obama. This law extends a number of important tax breaks, and makes many of them permanent.

The law makes the following deductions, credits and other tax provisions permanent:

- **Increased expensing limitations and treatment of certain real property as Section 179 property for up to $500,000 per year;**
- The Research & Development credit;
- The exclusion of 100% of gain on certain small business stock;
- Reduction in S corporation recognition period for built-in gains tax;
- The enhanced Child Tax Credit;
- The enhanced American Opportunity Tax Credit;
- The enhanced Earned Income Tax Credit;
- The deduction for certain expenses of elementary and secondary school teachers;
- Parity for exclusion from income for employer-provided mass transit and parking benefits;
- The deduction of state and local general sales taxes;
- The special rule for contributions of capital gain real property made for conservation purposes;
- Tax-free distributions from individual retirement plans for charitable purposes;
- The charitable deduction for contributions of food inventory;
- The tax treatment of certain payments to controlling exempt organizations;
- Basis adjustment to stock of S corporations making charitable contributions of property;
- The employer wage credit for employees who are active duty members of the uniformed services; 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements;
- The treatment of certain dividends of regulated investment companies;
- The Subpart F exception for active financing income;
- The minimum low-income housing tax credit rates for non-federally subsidized buildings;
- The military housing allowance exclusion for determining whether a tenant in certain counties is low-income; and,
- Regulated investment company qualified investment entity treatment under the Foreign Investment in Real Property Tax Act.

The following provisions were extended and modified through 2019:

- **Bonus depreciation, at 50 percent for 2015-2017 and phased down to 40 percent in 2018 and 30 percent in 2019;**
- The Work Opportunity Tax Credit, modified and enhanced for employers who hire long-term unemployed individuals (unemployed for 27 weeks or more) to 40 percent of the first $6,000 of wages;
- The New Markets Tax Credit, providing $3.5-billion allocation each year through 2019, the carryover period for the credit has also been extended to 2024.

And the following are revived and extended through 2016:

- **Modification of the exclusion of mortgage debt discharge;**
- Mortgage insurance premiums treated as qualified residence interest;
- The above-the-line deduction for qualified tuition and related expenses; and,
- Over a dozen incentives for energy production and conservation (including Federal and Arizona Solar Credits.)