

The Protecting Americans from Tax Hikes Act of 2015

Questions? Contact your Frazer, LLP tax advisor in Brea (714.990.1040) or Visalia (559.732.4135).

IRC	Individual Provisions	NEW Expiration Date
§24(d)	Enhanced American Opportunity tax credit is made permanent. The provision requires the taxpayer claiming the American Opportunity credit to report the EIN of the educational institution to which the individual made tuition payments.	Provision made permanent
§25A	Enhanced child tax credit is made permanent.	Provision made permanent
§25C (g)(2)	Mortgage insurance premium deduction restored.	December 31, 2016
§32(b)	Earned income tax credit is made permanent.	Provision made permanent
§62	\$250 teacher supply deduction is made permanent. Beginning in 2016, the provision also indexes the \$250 cap to inflation and includes professional development expenses.	Provision made permanent
§108	Exclusion for personal residence COD income.	December 31, 2016
§163	Mortgage insurance premium deduction as mortgage interest is extended retroactively to 2015 and through to Dec. 31, 2016.	December 31, 2016
§164	Election for itemizers to deduct sales tax in lieu of income tax.	Provision made permanent
§170	Contributions of real property for qualified conservation purposes is made permanent.	Provision made permanent
§222	Tuition deduction is extended to Dec. 31, 2016.	December 31, 2016
§408	IRA transfers to charity in lieu of RMDs is made permanent. The Act makes permanent the ability of individual at least 70 1/2 years old to exclude from gross income qualified charitable distributions from IRAs of up to \$100,000 per year.	Provision made permanent
§529	§529 rules are enhanced in the following ways: Computer technology and equipment are permanently allowed as qualified higher education expenses for purpose of §529; and Individuals are allowed a 60-day "rollover" period for nonqualified distribution; that is the law will give individuals up to 60 days to re-deposit the distribution into a qualifying account for that individual without the distribution being taxable.	Provision made permanent

IRC	Business Provisions	NEW Expiration Date
§41	R&D tax credit is made permanent. Beginning in 2016 eligible small businesses (\$50 million or less in gross receipts) may claim the credit against AMT liability, and the credit can be utilized by certain small businesses against the employer's payroll tax liability.	Provision made permanent
§45P	Wage credit for activated military reservists is made permanent. Beginning in 2016, the provision modifies the credit to apply to employers of any size, rather than employers with 50 or fewer employees.	Provision made permanent
§51	Work Opportunity Credit for employers hiring qualified veterans and employees from other targeted groups is extended to Dec. 31, 2019. Beginning in 2016, the provision also modifies the credit to apply to employers who hire qualified long-term unemployed individuals (i.e., those who have been unemployed for 27 weeks or more) and increases the credit with respect to such long-term unemployed individuals to 40% of the first \$6,000 of wages.	December 31, 2019
§132	Increased fringe benefit allowance for transit passes.	Provision made permanent
§168	Bonus depreciation for qualified purchases is extended with revisions to Dec. 31, 2019 (50% in 2015 - 2017, 40% in 2018 and 30% in 2019). The provision modifies the AMT rules beginning in 2016 by increasing the amount of unused AMT credits that may be claimed in lieu of bonus depreciation. The provision also modifies bonus depreciation to include qualified improvement property and to permit certain trees, vines, and plants bearing fruit or nuts to be eligible for bonus depreciation when planted or grafted, rather than when placed in service.	December 31, 2019
§168	Bonus depreciation is enhanced to include as qualified property certain improvements to an interior portion of a building which is nonresidential real property if such improvement is placed in service after the date that building was first placed in service. Such improvements do not include: (a) The enlargement of the building; (b) Any elevator or escalator; or (c) The internal structural framework of the building.	December 31, 2019
§168	Election to accelerate AMT credit in lieu of bonus depreciation is extended to Dec. 31, 2019.	December 31, 2019
§168	15-year recovery period for qualified leasehold improvements, qualified restaurant property, and qualified retail improvements is made permanent.	Provision made permanent
§170	Enhanced charitable deductions for food inventory is made permanent. Beginning in 2016, the provision modifies the deduction by increasing the limitation on deductible contributions of food inventory from 10% to 15% of the taxpayer's AGI (15% of modified taxable income in the case of a C corporation) per year. The provision also modifies the deduction to provide special rules for valuing food inventory.	Provision made permanent
§179	\$500,000 expensing limit is made permanent. Beginning in 2016, the provision modifies the expensing limitation by indexing both the \$500,000 and \$2 million limits for inflation and by treating air conditioning and heating units placed in service in tax years beginning after 2015 as eligible for expensing.	Provision made permanent
§179	Treatment of certain real property as §179 property is made permanent. Beginning in 2016, the provision modifies the expensing limitation with respect to qualified real property by eliminating the \$250,000 cap.	Provision made permanent
§179	Computer software as qualifying property for IRC §179 purposes is made permanent.	Provision made permanent
§1202	100% gain exclusion for qualified small business stock is made permanent.	Provision made permanent
§1367	Basis adjustment to S corporation stock for charitable contributions.	Provision made permanent
§1374	Reduced built in gains recognition period for S corporations is made permanent at five years.	Provision made permanent