

# ***BREAKING TAX ALERT***

## **President Obama Signs Tax Extenders Bill**

Earlier today, President Obama signed the Protecting Americans from Tax Hikes Act of 2015. The bill makes permanent a number of business and individual tax incentives that expired at the end of 2014, extends some provisions for five years, and extends a few other provisions through 2016.

The bill is welcome news for taxpayers because it will reduce much of the uncertainty that taxpayers have faced when doing year-end tax planning over the last few years by providing a permanent extension of the enhanced section 179 limitations and a five-year extension of bonus depreciation. The bill is expected to save taxpayers \$622 billion over ten years. Below are some of the highlights of the provisions extended as part of the bill.

### ***Provisions that were Permanently Extended***

- Section 179 annual expensing limitation of \$500,000, gradually phasing out for taxpayers with more than \$2 million in asset acquisitions
- Research and experimentation tax credit
- Five-year recognition period for S corporation recognized built-in gains (rather than ten years)
- Exclusion of all of the gain from the sale of qualified small business stock acquired after December 31, 2014
- Tax-free treatment of distributions from retirement plans by individuals age 70-1/2 and older for charitable purposes
- 15-year depreciable life for qualified leasehold improvements
- Itemized deduction for sales taxes in lieu of state income taxes

### ***Provisions Extended for Five Years***

- Bonus depreciation (the bonus depreciation percentage is 50% in 2015, 2016, and 2017; 40% in 2018; and 30% in 2019, with bonus depreciation completely phased out beginning in 2020)
- Work opportunity tax credit (expanded to be available with respect to long-term unemployed individuals)

### ***Other Provisions Extended***

- Section 179D deduction for the cost of energy efficiency improvements to commercial buildings has been extended through 2016
- Solar tax credit has been extended through 2022 with a phase out beginning in 2020
- Credits with respect to facilities producing energy from certain renewable sources have been extended through 2016

If you would like to learn more about the new rules, you can read [the complete text of the bill](#) or [the Ways and Means Committee's summary of the bill](#). Please contact a GALLINA professional or call us at 877.638.1188 if you would like to discuss the new rules and the impact that they will have on your year-end tax planning.