

Tax Extenders Finally Received Senate Approval

On December 16, 2014, The Senate voted 76-16 to approve a one-year retroactive extension of most, but not all, of the temporary tax deductions, credits, and incentives that expired at the end of last year. The extenders had previously been approved in the House of Representatives. The approved extenders bill is now on its way to the White House for President Obama's signature.

Below we've included some of the highlighted extended provisions that will be renewed through the end of 2014 under this legislation:

TANGIBLE PROPERTY AND DEPRECIATION OF FIXED ASSETS:

- First year bonus depreciation;
- Election to accelerate alternative minimum tax credits in lieu of bonus depreciation;
- Section 179 increased expensing limits (\$500,000/\$2 million) and the expanded definition of section 179 property;
- 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements;
- The deduction for energy-efficiency improvements to existing homes;
- The deduction for energy-efficiency improvements to commercial buildings.

TAX CREDITS:

- The research and experimentation credit;
- The New Markets Tax Credit;
- The Work Opportunity Tax Credit;
- The production tax credit for wind and other alternative forms of energy;
- The credit for alternative fuel vehicle refueling property;
- The credit for construction of energy-efficient new homes.

CHARITABLE CONTRIBUTIONS:

- Tax-free distributions from IRAs by individuals age 70-1/2 and older for charitable purposes;
- The deduction for charitable contributions of food inventory;
- Special rules for contributions of capital gain real property made for conservation purposes.

OTHER:

- The deduction for state and local sales taxes;
- The reduced recognition period for S corporation built-in gains tax;
- The basis adjustment to stock of S corporations making charitable contributions of property;
- The income exclusion for employer-provided mass transit and parking benefits;
- Lookthrough treatment of payments between related controlled foreign corporations under the foreign personal holding company rules.

Under the approved legislation, none of the extenders provisions is modified from prior law. This is not a complete list of the extended tax provisions.

Next stop: White House

Although the White House has not issued an official statement of administration policy on the legislation, President Obama is expected to sign it into law.

The president also noted that the administration would “like to see if some of those tax extender provisions, including things that I strongly support like research and development, are incorporated into a broader, comprehensive tax reform package”; but he cautioned that comprehensive tax reform would also have to include “some provisions that benefit working families.”

CONTACT [GALLINA LLP](#) TO SPEAK WITH ONE OF OUR INDUSTRY EXPERTS FOR YOUR NEEDS TODAY.

Follow GALLINA:



IRS Circular 230 Disclosure - Pursuant to U.S. Treasury Department Regulations, we are now required to advise you that any federal tax advice contained in this communication, including attachments and enclosures, is not intended by the Sender or GALLINA LLP to constitute a covered opinion pursuant to regulation section 10.35 or to be used for the purpose of (i) avoiding tax-related penalties under Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any tax-related matters addressed herein.
Information Sourced from [IRS.gov](#) and other Government Sponsored resource providers available in the public domain.