



TAX “EXTENDERS” ARE BACK

As you’ve probably heard from countless news sources, Congress recently passed – and the president signed – a tax extenders bill. The passing of this legislation, titled the “Protecting Americans from Tax Hikes Act of 2015,” gives you greater certainty as you move forward with your business and personal tax planning.

What Exactly is the Tax Extenders Legislation?

The tax extenders legislation contains a bundle of tax breaks. Because Congress has usually set tax extender bills in the past to expire one year after passage, renewing most of these tax provisions has become an annual year-end routine.

This repeated cycle of wondering what the tax law would be in the near future has made tax planning especially difficult. Fortunately, this year’s legislation applies retroactively to all of 2015 and will apply to all of 2016. In addition, it made several key provisions permanent. In particular, the legislation locked in the Research & Development Tax Credit and Section 179 Depreciation – among others – for businesses. To benefit individuals, it made the American Opportunity Tax Credit and the Child Tax Credit permanent. The tables below contain lists of the key provisions included and the duration for which they were extended.

Business

Provision	Extended or Made Permanent
Research & Development Tax Credit	Permanent
Section 179 Depreciation	Permanent
15-year straight-line cost recovery for qualified leasehold improvements, and qualified retail improvements	Extended
Bonus Depreciation	Extended
Exclusion of 100% of gain on certain small business stock	Permanent
Reduction in S-corporation recognition period for built-in gains tax	Permanent
Work Opportunity Tax Credit	Extended
Empowerment Zone Tax Credits	Extended
Moratorium on Medical Device Excise Tax	Extended
Biodiesel and Renewable Diesel Incentives	Extended
Energy Efficient Commercial Buildings Deduction	Extended

Personal

Provision	Duration
Child tax credit	Permanent
American Opportunity Tax Credit	Permanent
Contributing capital gain real property made for conservation purposes	Extended
Tax-free distributions from individual retirement plans for charitable purposes	Extended
Above-the-line deduction for qualified tuition and related expenses	Extended
\$500 Tax Credit for Nonbusiness Energy Property	Extended

How Can the Tax Extenders Legislation Benefit You?

Now that the tax extenders legislation is in effect, you can plan your business and personal finances accordingly. For example, as you grow your business you can schedule multi-year research projects knowing that you will receive Research & Development Tax Credits the entire duration of the project. In addition, you can buy equipment over the next several years knowing how much in Section 179 and Bonus Depreciation Deductions it will yield. On the personal side, anticipating the Child Tax Credit or American Opportunity Tax Credit can help you provide for your family, ensure that you can afford your children's education, and save for the future.

These are just a few examples, there are many other provisions in the tax extenders legislation that could provide noticeable benefits to you.

What Should You Do Going Forward?

Now is the perfect time to focus on your tax plan. With so many key tax provisions locked in place for the long-term, we can provide you with strategies that will remain in effect for many years to come. To find out more about how the new tax extenders legislation can benefit you and your business, contact a professional at UHY LLP at 314.615.1200.