

# SUPPLEMENT

## Tax Relief Extension Act of 2015

As noted in the 2015-2016 Tax & Financial Planning Guides, certain tax credits and deductions lapsed for 2015. Congress has retroactively reinstated many of them for 2015. All of these items were highlighted in the Tax Guide as lapsed but with the possibility of reinstatement. The summary below outlines each item by the chapters in the Tax Guide.

### YOUR AND YOUR FAMILY

- The above-the-line deduction for up to \$4,000 of eligible college expenses subject to AGI limits of less than \$65,000 for individuals; less than \$130,000 for MFJ has been reinstated. The deduction is reduced to \$2,000 for individuals with AGI \$65,000-\$80,000; MFJ \$130,000-\$160,000.
- The deduction for teachers' supplies up to \$250 has been reinstated and will now be indexed to inflation. Also allows teachers to apply the deduction to professional development expenses after 2015.
- Tax-free direct transfers up to \$100,000 to eligible charities by IRA holders age 70 ½ and older are once again permitted.
- The election to take an itemized deduction for state and local sales taxes in lieu of state and local income taxes has been reinstated.
- Federal tax credits for energy efficient home improvements to existing homes have been reinstated. Capped at \$500 per taxpayer. Certain improvements must meet recent Energy Star requirements.
- The credit for the construction of energy-efficient new homes that meet new guidelines has been extended.
- Two wheeled highway-capable plug-in motorcycles can qualify for a tax credit.
- Computer purchases are again qualified expenses from 529 College Savings Plans.

### REAL ESTATE

- Up to \$2 million of debt forgiveness on a primary home can once again be excluded from income.
- The deduction for Private Mortgage Insurance (PMI) premiums on qualified residences has been reinstated. The phaseout range remains AGI \$100,000-\$110,000.

### BUSINESS

- The Section 179 expensing limit has been increased to \$500,000 with a \$2 million investment limit. Additionally, computer software and qualified real property are eligible once again.
- 50% bonus depreciation has been extended for certain property purchased and placed in service before January 1, 2017. Also the option to forgo bonus depreciation in favor of accelerating corporate AMT credits acquired prior to 2006 is allowed.
- The 15 year recovery period for certain assets has been reinstated.
- The R & D credit has been reinstated and expands the credit to qualifying startup businesses allowing them to claim the credit against employment taxes not just income taxes after 2015. Cap: \$250,000.
- The Work Opportunity Tax Credit for non-veteran groups and qualified veterans has been reinstated and expanded to add the long-term unemployed as another targeted group beginning in 2016.
- Energy credits for improvements to commercial buildings have been reinstated. There are new more stringent qualifying efficiency standards.
- The mass transit allowance rises to \$250 to match the allowance for employer-provided parking for 2015 and 2016.