The Bankler Report

December 17, 2014

INTRODUCTION

On December 16, 2014, the US Senate passed, by a vote of 76 – 16, the House version of the Tax Prevention Act of 2014 ("Tax Extenders"), which is expected to be signed by President Obama. Unlike prior Congresses that usually extended these tax cuts for the current and succeeding year, this Congress only extended these cuts until December 31, 2014! Some of the more popular provisions include:

Business Tax Extenders.

1. Effective for 2014, the election to expense qualifying assets has been increased to $500,000. However, this limit is also being reduced, dollar for dollar, for qualifying assets exceeding $2,000,000 purchased during the year. Therefore, the election to expense is completely phased out at $2,500,000.

2. 50% Bonus Depreciation for **NEW EQUIPMENT** was reinstated for 2014. Under this provision, 50% of the cost of **NEW EQUIPMENT** (bought and placed into service by December 31, 2014) can be deducted in the year of purchase.

3. Generally, businesses must depreciate Nonresidential Real Estate (including leasehold improvements) over 39 years. However, 15 year depreciation is now allowed for qualified leasehold improvements (retail, restaurant, and other qualified improvements) and also qualifies for 50% bonus depreciation.

4. First-Year Depreciation limit for new autos and trucks has been increased to $8,000.

5. The Railroad Maintenance Tax Credit was also extended.

Individual Tax Extenders.

1. Tax-free distributions from IRA accounts for charitable distributions for taxpayers age 70 ½ or older.

2. Deductions for state and local sales taxes.

3. Reinstatement of the deduction for certain expenses for elementary and secondary school teachers.

4. The bill also provides for tax-favored accounts for disabled individuals to save money to pay for disability expenses.

Steven Bankler, CPA 9901 IH 10 W, Suite 670 San Antonio, TX 78230 (210) 691-3133
steven@bankler.com www.bankler.com Fax (210) 691-3233