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Accounting | Assurance | Consulting | Tax

2015 PATH Act Provisions

Protecting Americans from Tax Hikes Act

Business Provisions:

Permanent extensions

- **Section 179 expense.** A temporary Section 179 expense limit of \$500,000 and investment limit of \$2 million before phase-out was made permanent.
- **Research tax credit.** The tax credit for increases in business-related research expenditures has been permanently extended and the alternative simplified credit has increased from 14% to 20%.
- **Qualified leasehold improvements, restaurant buildings and improvements, and retail buildings and improvements.** Recovery periods for qualified leasehold improvements, restaurant buildings and improvements, and retail buildings and improvements were temporarily set at 15 years under extender legislation instead of requiring longer recovery periods. The 15-year recovery period for these assets was made permanent.
- **S corporation built in gains tax.** The recognition period for double taxation of gains after conversion from a C corporation to an S corporation has been permanently reduced to 5 years.
- **Employer wage credit.** For employees who are active duty members of the uniformed services.

5 year extensions

- **Bonus depreciation.** The law extends the additional first year depreciation for new assets purchased under a phase down schedule through 2019:
 - 50% for 2015 – 2017
 - 40% for 2018
 - 30% for 2019
- **Work opportunity credit.** Credit for employers that hire certain long-term unemployed individuals has been extended through 2019.

2 year extensions

- Indian employment tax credit.
- Accelerated depreciation for business property on an Indian reservation.
- Moratorium on medical device excise tax for sales during 2016 and 2017.
- Credit for energy-efficient home manufacturers.
- **§179D expense allocation** – energy-efficient commercial buildings deduction.

Individual Provisions:

- **Discharge of principal residence indebtedness.** The provision allowing exclusion from income for discharge of qualified principal residence indebtedness was extended through 2016.
- **Itemized deduction for mortgage insurance premiums.** The provision allowing mortgage insurance premiums to be deducted as an itemized deduction on Schedule A of Form 1040 was extended through 2016.
- **Tuition and fees deduction.** The provision allowing an above-the-line deduction for tuition and fees paid for the taxpayer, spouse, or dependents and claimed as an adjustment to income, was extended through 2016.
- **Non-business energy property.** The credit for purchases of non-business energy property was extended through 2016.
- **Enhanced Opportunity Tax Credit (Hope Credit).** The American Opportunity Tax Credit is an enhanced version of the Hope Credit, allowing a credit of up to \$2,500 for four years of post-secondary education. The new law makes this credit permanent.