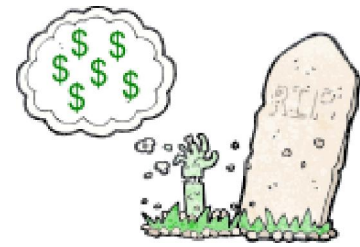


## Back from the dead... again



Congress often passes tax legislation at the last minute in December... 2015 was no exception. On December 18<sup>th</sup> the tax extender bill (named the “Preventing Americans From Tax Hikes Act of 2015”) was signed into law. As usual, the bill was retroactive... meaning that many of the provisions will date back to Jan. 1, 2015. So it affects your taxes NOW... in this tax year.

Despite the usual tardiness of the extenders bill, our lawmakers did better than in years past. That’s because they made many of the tax breaks permanent. Now individuals (and businesses) can actually plan for the future rather than wondering whether or not congress will take action.

There are a total of 52 extended tax breaks. Here are a few highlights most likely to impact everyday taxpayers.

*Important note: All of these tax breaks have limitations and/or qualifiers... always ask a tax professional before taking action.*

**Children & Families:** The increased Earned Income Credit (max \$6242 in 2015 with limitations) and Child Tax Credit (max \$1000 per child with limitations) are both now permanent.

**Higher Education:** The American Opportunity Credit (max \$2500 credit per eligible student with limitations) and the tuition deduction (max \$4000 deduction with limitations) have been made permanent or extended.

**Cancellation of Mortgage Debt:** The exclusion from taxable income of forgiven principal residence mortgage debt (with limitations) has been extended through 2016.

**Itemized Deductions:** The deduction of state and local sales tax (in lieu of other state/local tax) has been made permanent. Plus... the deduction of mortgage insurance (with limitations) has been extended through 2016.

**Charity:** Direct transfers of IRA funds to charity (with dollar amount limitations) qualifying as a Required Minimum Distribution (with age restrictions) was made permanent.

**Mass transit commuting:** Pre-tax fringe benefits for mass transit are permanently increased to the amount already allowed for parking (\$250/month for 2015, increasing to \$255 in 2016, with limitations).

**Businesses:** A variety of generous provisions for expensing business equipment that would have otherwise been written off over time have been made permanent or extended (with limitations). Plus... the tax credits for Research and Development (with limitations) were made permanent.

**Teachers:** The \$250 deduction for out-of-pocket spending on qualified classroom supplies not only was made permanent, it was also indexed for inflation (indexing starts in 2016).

***These are just the highlights*** of the 52 extended tax provisions... ask your tax professional for details.