Tax Law Change Update

Tax Increase Prevention Act provides 2014 relief

On Dec. 16, the Senate passed the Tax Increase Prevention Act of 2014 (TIPA), which the House had passed on Dec. 3. The act extends through Dec. 31, 2014, certain tax relief provisions that expired at the end of 2013. Several of these provisions can produce significant savings for taxpayers on their 2014 income tax returns, but quick action (before Jan. 1, 2015) may be needed to take advantage of some of them. Here's a brief summary of the extended breaks that may be most likely to benefit you or your business.

Individual tax breaks

- Deduction for state and local *sales* tax in lieu of state and local *income* tax
- Tuition and fees deduction
- Ability of taxpayers age 70½ or older to make a direct tax-free rollover from an IRA to charity
- Certain home and energy-related breaks
- Home debt forgiveness exclusion
- Deadline for investing in qualified small business stock that will be eligible for the 100% gain exclusion if held for at least five years

Business tax breaks

- 50% bonus depreciation
- Enhanced Section 179 expensing
- Accelerated depreciation for qualified leasehold improvement, restaurant and retail-improvement property
- Transit benefit parity
- The research credit
- The Work Opportunity credit
- Certain energy-related breaks

Act fast

As noted, because these breaks generally are extended only through the end of this year, you may need to act fast to benefit from them. And keep in mind that many breaks with more limited applicability have also been extended; it's possible some of them could also benefit you. Finally, many breaks are subject to a variety of rules and limitations. So please contact us to determine exactly how you can make the most of this tax relief. We'd be pleased to help. ◗