

# 2015 tax extenders – a PATH forward

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On Dec. 18, President Obama signed into law a package of tax extenders called “The Protecting Americans from Tax Hikes Act of 2015,” or PATH.

Tax extenders are nothing new. Historically, as tax provisions expire, extenders are put forward to temporarily keep them active. This helped extend the provisions, but it did nothing to develop the kind of certainty that many in the business community want when planning for the future. The real breakthrough for PATH is that some of the tax extenders are made permanent, including those that benefit individuals as well as businesses.

For example, for businesses, there are enhancements and permanent extensions to the Research and Development Tax

Credit; the Code Sec. 179 expensing limitation of \$500,000, and the \$2 million phase-out limit, are retroactively and permanently extended, and both are indexed for inflation for tax years beginning this year; and Bonus Depreciation, which allows retailers and restaurants to initially depreciate half of remodeling and improvement fees. For individuals, the Child Tax Credit, American Opportunity Tax Credit and the Earned Income Tax Credit are all strengthened and made permanent.

Another breakthrough for the PATH Act is in the bipartisanship it achieved. Republicans achieved supply-side expansion that favors business and growth and Democrats enhanced and made permanent tax laws that more directly favor individuals. On both sides of the aisle, PATH turned out to be a nice Christmas present.

Moving forward into 2016, here are some other items to keep in mind about the PATH Act:

- A deduction for state and local general sales tax in lieu of state income tax is retroactively extended and made permanent.
- Individuals at least 70 1/2 years of age may now exclude from gross income qualified charitable distributions from IRAs of up to \$100,000 per year.
- The New Markets tax credit is extended through 2019 and the carryover period for unused new markets tax credits is extended for an additional five years, to 2024.
- The tax credit for new, energy-efficient homes built by a contractor and acquired for a residence in the tax year is retroactively extended for two years to 2017.