



★ ★ COMMITTEE ON ★ ★
WAYS AND MEANS
CHAIRMAN KEVIN BRADY

Overview of the Provisions in:
The “Protecting Americans from Tax Hikes Act of 2015”

PERMANENT PROVISIONS

The bill makes over 20 tax relief provisions permanent, including provisions from 11 different bills marked up by the Ways and Means Committee in 2015.

- Research and Development Credit (base credit, 14% ASC, AMT and Payroll provisions)
- Section 179 expensing (\$500,000 and \$2 million limits, no limitation on real estate)
- State and local sales tax deduction
- 15-year depreciation for leaseholds and improvements
- International tax relief: Active finance exception
- Deduction for teacher classroom expenses
- 100% exclusion on gains from sale of small business stock
- Low-Income Housing Tax Credit extenders: the 9% floor and military housing allowance
- Employer wage credit for employees on active duty (expanded for all employers)
- All three charitable extenders: food inventory, conservation easements, and IRA charitable rollover, and exemption for certain payments to a controlling exempt organization
- Both S corporation provisions: 5-year built in gains tax and charitable contributions
- Mass transit parity
- Deduction for teacher classroom expenses (indexed for inflation)
- Enhancements since 2001: Earned Income Tax Credit, Additional Child Tax Credit, and American Opportunity Tax Credit
- Two provisions for mutual funds: treatment of RIC dividends for foreign investors and subjecting RICs to FIRPTA

FIVE-YEAR PROVISIONS

- Bonus depreciation (50% for 2015-17, 40% in 2018, 30% in 2019)
- International tax relief: Controlled foreign corporation look-through rule
- The New Markets Tax Credit
- The Work Opportunity Tax Credit

TWO-YEAR PROVISIONS

- Exclusion of discharged mortgage debt relief from gross income (modified)
- Mortgage insurance premiums treated as qualified residence interest
- Above the line deduction for qualified tuition and related expenses
- Indian Employment Tax Credit
- Railroad Track Maintenance Credit (modified)

- Mine Rescue Team Training Credit
- Qualified Zone Academy Bonds
- Race horses: 3-year recovery period
- Motorsports complexes; 7-year recovery period
- Accelerated depreciation for business property on Indian reservations (modified)
- Election to expense mine safety equipment
- Film and television expensing (modified to include live theater)
- Section 199 deduction for activities in Puerto Rico
- Empowerment Zone tax incentives (modified)
- Temporary increase in rum cover over
- American Samoa economic development credit
- Nonbusiness energy property credit
- Alternative fuel vehicle refueling property credit
- 2-wheeled plug-in electric motor credit
- Second generation biofuel producer credit
- Biodiesel and renewable diesel incentives credit
- Indian Coal Production Tax Credit (modified)
- Credit for facilities producing energy from certain renewable resources
- Credit for energy-efficient new homes
- Special allowance for second generation biofuel plant property
- Energy efficient commercial buildings deduction
- Special rule for sales or dispositions to implement FERC or State electric restructuring policy for qualified electric utilities
- Credits relating to alternative fuels
- Credit for new qualified fuel cell motor vehicles
- Medical device tax moratorium

EXCISE TAXES

- Medical device tax moratorium
- Craft Beverage Modernization and Tax Reform Act

PROGRAM INTEGRITY

- Modification of filing dates of returns and statements relating to employee wage information and nonemployee compensation to improve compliance
- Safe harbor for de minimis errors on information returns and payee statements
- Requirements for the issuance of ITINs.
- Prevention of retroactive claims of earned income credit after issuance of social security number.
- Prevention of retroactive claims of child tax credit. Sec. 206. Prevention of retroactive claims of American opportunity tax credit
- Procedures to reduce improper claims. Sec. 208. Restrictions on taxpayers who improperly claimed credits in prior year
- Treatment of credits for purposes of certain penalties.
- Increase the penalty applicable to paid tax preparers who engage in willful or reckless conduct.
- Employer identification number required for American opportunity tax credit.
- Higher education information reporting only to include qualified tuition and related expenses actually paid.

MISCELLANEOUS PROVISIONS

Family Tax Relief

- Exclusion for amounts received under the Work Colleges Program
- Improvements to section 529 accounts
- Elimination of residency requirement for qualified ABLE programs
- Exclusion for wrongfully incarcerated individuals.
- Clarification of special rule for certain governmental plans
- Rollovers permitted from other retirement plans into simple retirement accounts
- Technical amendment relating to rollover of certain airline payment amounts
- Treatment of early retirement distributions for nuclear materials couriers, United States Capitol Police, Supreme Court Police, and diplomatic security special agents
- Prevention of extension of tax collection period for members of the Armed Forces who are hospitalized as a result of combat zone injuries

Real Estate Investment Trusts

- Restriction on tax-free spinoffs involving REITs
- Reduction in percentage limitation on assets of REIT which may be taxable REIT subsidiaries
- Prohibited transaction safe harbors
- Repeal of preferential dividend rule for publicly offered REITs
- Authority for alternative remedies to address certain REIT distribution failures Limitations on designation of dividends by REITs
- Debt instruments of publicly offered REITs and mortgages treated as real estate assets
- Asset and income test clarification regarding ancillary personal property
- Hedging provisions.
- Modification of REIT earnings and profits calculation to avoid duplicate taxation
- Treatment of certain services provided by taxable REIT subsidiaries
- Exception from FIRPTA for certain stock of REITs
- Exception for interests held by foreign retirement or pension funds
- Increase in rate of withholding of tax on dispositions of United States real property interests
- Interests in RICs and REITs not excluded from definition of United States real property interests
- Dividends derived from RICs and REITs ineligible for deduction for United States source portion of dividends from certain foreign corporations

Additional Provisions

- Deductibility of charitable contributions to agricultural research organizations
- Removal of bond requirements and extending filing periods for certain taxpayers with limited excise tax liability
- Modifications to alternative tax for certain small insurance companies
- Treatment of timber gains
- Modification of definition of hard cider
- Church plan clarification

Revenue Provisions

- Updated ASHRAE standards for energy efficient commercial buildings deduction
- Excise tax credit equivalency for liquified petroleum gas and liquified natural gas
- Exclusion from gross income of certain clean coal power grants to non-corporate taxpayers
- Clarification of valuation rule for early termination of certain charitable remainder unitrusts
- Prevention of transfer of certain losses from tax indifferent parties
- Treatment of certain persons as employers with respect to motion picture projects

TAX ADMINISTRATION

Internal Revenue Service Reforms

- Duty to ensure that IRS employees are familiar with and act in accord with certain taxpayer rights
- IRS employees prohibited from using personal email accounts for official business
- Release of information regarding the status of certain investigations
- Administrative appeal relating to adverse determinations of tax-exempt status of certain organizations
- Organizations required to notify Secretary of intent to operate under 501(c)(4)
- Declaratory judgments for 501(c)(4) and other exempt organizations
- Termination of employment of Internal Revenue Service employees for taking official actions for political purposes
- Gift tax not to apply to contributions to certain exempt organizations
- Extend Internal Revenue Service authority to require truncated Social Security numbers on Form W-2
- Clarification of enrolled agent credentials
- Partnership audit rules

United States Tax Court

- Filing period for interest abatement cases
- Small tax case election for interest abatement cases
- Venue for appeal of spousal relief and collection cases
- Suspension of running of period for filing petition of spousal relief and collection cases
- Application of Federal rules of evidence
- Judicial conduct and disability procedures
- Administration, judicial conference, and fees
- Clarification relating to United States Tax Court