

## Tax and Revenue Provisions of the PATH Act

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**Permanent Extensions.** The following tax provisions are extended indefinitely:

- Modification of research and development tax credit
- Modification of increased expensing limitations and treatment of certain real property as section 179 property
- Modification of employer wage credit for employees who are active duty members of the uniformed services
- 15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements
- Treatment of certain dividends of regulated investment companies
- Exclusion of 100 percent of gain on certain small business stock
- Reduction in S-corporation recognition period for built-in gains tax
- Subpart F exception for active financing income
- Earned Income Tax Credit
- Child Tax Credit
- American Opportunity Tax Credit
- Modified deduction for certain expenses of elementary and secondary school teachers
- Parity for exclusion from income for employer-provided mass transit and parking benefits
- Deduction of state and local general sales taxes
- Incentives for charitable giving, including:
  - Modification of special rule for contributions of capital gain real property made for conservation purposes
  - Tax-free distributions from individual retirement plans for charitable purposes
  - Modification of charitable deduction for contributions of food inventory
  - Modification of tax treatment of certain payments to controlling exempt organizations
  - Basis adjustment to stock of S-corporations making charitable contributions of property
- Incentives for real estate investment
  - Temporary minimum low-income housing tax credit rates for non-federally subsidized buildings
  - Military housing allowance exclusion for determining whether a tenant in certain counties is low-income
  - RIC qualified investment entity treatment under Foreign Investment in Real Property Tax Act (FIRPTA)

**Extensions Through 2019.** The following provisions are extended through December 31, 2019:

- New markets tax credit
- Modification of work opportunity tax credit
- Modification of bonus depreciation
- Look-through treatment of payments between related controlled foreign corporations under foreign personal holding company rules

**Extensions Through 2016.** The following expired tax provisions are extended temporarily through December 31, 2016:

- Modification of exclusion from gross income of discharge of qualified principal residence indebtedness
- Mortgage insurance premiums treated as qualified residence interest
- Above-the-line deduction for qualified tuition and related expenses
- Indian employment tax credit
- Modification of railroad track maintenance credit
- Mine rescue team training credit
- Qualified zone academy bonds
- Classification of certain race horses as three-year property
- Seven-year recovery period for motorsports entertainment complexes
- Modification of accelerated depreciation for business property on an Indian reservation
- Election to expense mine safety equipment
- Special expensing rules for certain film and television productions
- Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico
- Modification of empowerment zone tax incentives
- Temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands
- American Samoa economic development credit
- Modification of credit for nonbusiness energy property
- Credit for alternative fuel vehicle refueling property
- Credit for two-wheeled plug-in electric vehicles
- Second generation biofuel producer credit
- Biodiesel and renewable diesel incentives
- Modification of production credit for Indian coal facilities
- Modification of credits with respect to 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 Federal Energy Regulatory Commission (FERC) or state electric restructuring policy for qualified electric utilities
- Excise tax credits relating to alternative fuels, including compressed natural gas and liquefied natural gas
- Credit for new qualified fuel cell motor vehicles

**REIT.** The PATH Act includes new provisions pertaining to real estate investment trusts (REITs), some of which are aimed at limiting the ability of companies to spin-off their holdings into new entities that are effectively tax exempt.

**Miscellaneous.** The PATH Act also includes the following provisions:

- Improvements to section 529 accounts
- Elimination of residency requirement for qualified Adult Basic and Literacy Education (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
- The provision clarifying the effective dates of Public Law 113-243 to allow certain airline employees to contribute amounts received in certain bankruptcies to an IRA without being subject to the annual contribution limit
- 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
- 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

**Tax Administration.** The PATH Act includes reforms to the IRS, some of which are a response to the allegations of targeting certain tax-exempt political-groups. The IRS reform provisions would also establish a streamlined recognition process for political organizations seeking 501(c)(4) tax-exempt status. Additional provisions would make reforms to the administration of the U.S. Tax Court.

**Revenue Provisions**

- Updated ASHRAE standards for energy efficient commercial buildings deduction to reflect new standards of the American Society of Heating, Refrigerating, and Air Conditioning Engineers beginning in 2016
- Excise tax credit equivalency for liquefied petroleum gas and liquefied 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 by modifying the related-party loss rules
- Treatment of certain persons as employers with respect to motion picture projects