

Expiring Tax Provisions

Cross References

- *TheTaxBook*, pages 1-6 through 1-8

Congress recessed on September 22, 2012 and is not expected to reconvene until after the November 6 elections. Congress has yet to extend any of the expiring tax provisions, many of which expired at the end of 2011. Some experts predict that a tax package will not be enacted until late in the year, with some predictions that it could be early in 2013 before we know which provisions have been extended for the 2012 tax year. A similar situation occurred on December 17, 2010 when the President signed into law a bill that extended numerous expiring provisions for the 2010 tax year.

As a reminder, *TheTaxBook* will include in Tab 1 all tax law changes that have been signed into law as of December 1, 2012. *TheTaxBook* start ship date is December 15, 2012. The new book entitled, *What's New In-Depth*, written by the authors of *TheTaxBook*, will include all tax law changes that have been signed into law as of January 1, 2013. The start ship date for the *What's New In-Depth* book is January 15, 2013. Any tax law changes signed into law after these dates will be covered in *TheTaxBook* Update Service, which provides updates year round on our website, *TheTaxBook Web Library*, and *TheTaxBook CD*.

A list of expiring tax provisions can be found on pages 1-6 through 1-8 of *TheTaxBook* 1040 Edition and Deluxe Edition. Some of the provisions that expired at the end of 2011 include:

- The Adoption Expense Credit as a refundable credit.
- AMT exemption amount increase over the tax year 2000 exemption amount.
- Charitable contributions of IRA distributions.
- Credit for increasing research activities.
- Educator expenses up to \$250 deducted as an above-the-line deduction.
- Energy Efficient Home Credit.
- FUTA surtax increase from 6.0% to 6.2%.
- Leasehold improvements, restaurant property, and qualified retail space improvement property eligible for up to \$250,000 Section 179 deduction.
- Leasehold improvements, restaurant property, and qualified retail space improvement property treated as 15-year property.
- Mortgage insurance premiums deductible as mortgage interest.
- New hire retention credit.
- New Markets Tax Credit.
- Nonbusiness Energy Property Credit.
- Nonrefundable personal tax credits allowed against AMT.
- Sales tax deduction instead of state income tax deduction.
- Section 179 deduction increase from \$125,000 to \$500,000.
- 100% Special depreciation allowance deduction.
- Transportation benefits being equal for tax-free transit passes and qualified parking.

- Tuition and fees deduction.
- Work opportunity credit, other than unemployed veterans.

In addition to the above, some of the provisions that will expire at the end of 2012 include:

- Adoption Expense Credit and adoption assistance programs.
- AMT refundable credit for prior year minimum tax.
- Cancellation of qualified principal residence indebtedness exclusion from gross income.
- Capital gain and qualified dividend maximum tax rates of 15%, 5%, and 0%.
- Child and Dependent Care Expense Credit dollar amount increases from \$2,400 to \$3,000 and \$4,800 to \$6,000, and credit rate increases from 30% to 35%.
- Child Tax Credit allowed to offset AMT.
- Child Tax Credit increase from \$500 to \$1,000.
- Child Tax Credit refundable for taxpayers with one or two children.
- Computer software eligible for Section 179 deduction.
- Coverdell education savings account contribution limit increase and phase-out range increase for MFJ.
- Credit for employer-provided childcare facilities and services.
- Earned Income Credit calculation based on taxable earned income. For example, 401(k) contributions are not counted as income for EIC purposes.
- Educational assistance program.
- Estate and gift tax exclusion increased from \$1 million to \$5 million.
- Estate and gift tax top rate reduced from 55% to 35%.
- FICA and self-employment tax and tier I railroad retirement tax rates reduced by 2%.
- Hope Credit renamed the American Opportunity Credit and increased to 100% of first \$2,000 plus 25% of next \$2,000 of qualified expenses.
- Marriage penalty relief for education savings account phase-out range increase for MFJ, EIC phase-out range increase for MFJ, standard deduction increase for MFJ, and 15% tax bracket increase for MFJ.
- Phaseout of itemized deductions eliminated.
- Phaseout of personal exemptions eliminated.
- Section 179 deduction increased from \$25,000 to \$125,000.
- 50% special depreciation allowance deduction.
- Repeal of 60-month limit for deducting student loan interest.
- Tax bracket rate reductions from 39.6%, 36%, 31%, 28%, and 15% to 35%, 33%, 28%, 15%, and 10%.
- Work Opportunity Credit for certain unemployed veterans.