

SENATE PASSES TAX EXTENDERS BILL

The U.S. Senate has passed a bill that extends several tax breaks for businesses and individual taxpayers. The “tax extenders” bill changes the effective dates of related provisions to December 31, 2014. The Bill now moves to the White House where President Obama has indicated that he is open to a one-year, short-term plan but has not said he would sign it. There is no comment yet from the IRS on whether the late passage of this tax bill will delay the filing season.

Retroactive benefit

The extended tax breaks are applied retroactively, meaning that taxpayers will be able to leverage the tax breaks for all of 2014. The impact will be felt among a wide array of industries, including wind energy and film, and multinational corporations. Commuters and teachers will also see relief with the extension. Residents of states with no income tax will now be able to deduct sales tax paid as an itemized deduction for 2014.

The bill is especially noteworthy for its inclusion of the bonus depreciation and Section 179 elements and the extension of the R & D credit.

Bonus depreciation

According to the bill, its bonus depreciation provision would “extend 50 percent bonus depreciation to property acquired and placed in service during 2014 (2015 for certain property with a longer production period). This provision would continue to allow taxpayers to elect to accelerate the use of AMT (alternative minimum tax) credits in lieu of bonus depreciation under special rules for property placed in service during 2014.”

Section 179

All qualifying businesses would also see a strong benefit from the bill’s passage. \$500,000 of qualifying asset purchases can now be expensed in 2014 under this provision.

What you should do

Give us a call to discuss the potential benefit or impact on you or your business.

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