

2015 Tax Update



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THE 2015 YEAR IN REVIEW



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Major Tax Events of 2015



- Achieving A Better Life Experience Act of 2014
- Trade Preference Extension Act of 2015
- Trade Priorities & Accountability Act of 2015
- Surface Transportation Act of 2015
- Fixing America's Surface Transportation Act
- Bipartisan Budget Act of 2015
- FY 2016 Omnibus/IRS Funding
- Protecting Americans from Tax Hikes of 2015 (PATH Act)





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Individual Tax Breaks Made Permanent



- School Teacher's Deduction
- State & Local Sales Tax Deduction
- American Opportunity Tax Credit
- Refundable Child Tax Credit
- Enhanced Earned Income Tax Credit
- Expanded Limits for Conservation Easements
- IRA Transfer to Charities



Individual Tax Breaks Extended Thru 2016



- Deduction for Qualified Higher Education Expenses
- Mortgage Insurance Premium Deduction
- Exclusion for Discharge of Principal Residence Debt
- Residential Energy Credit



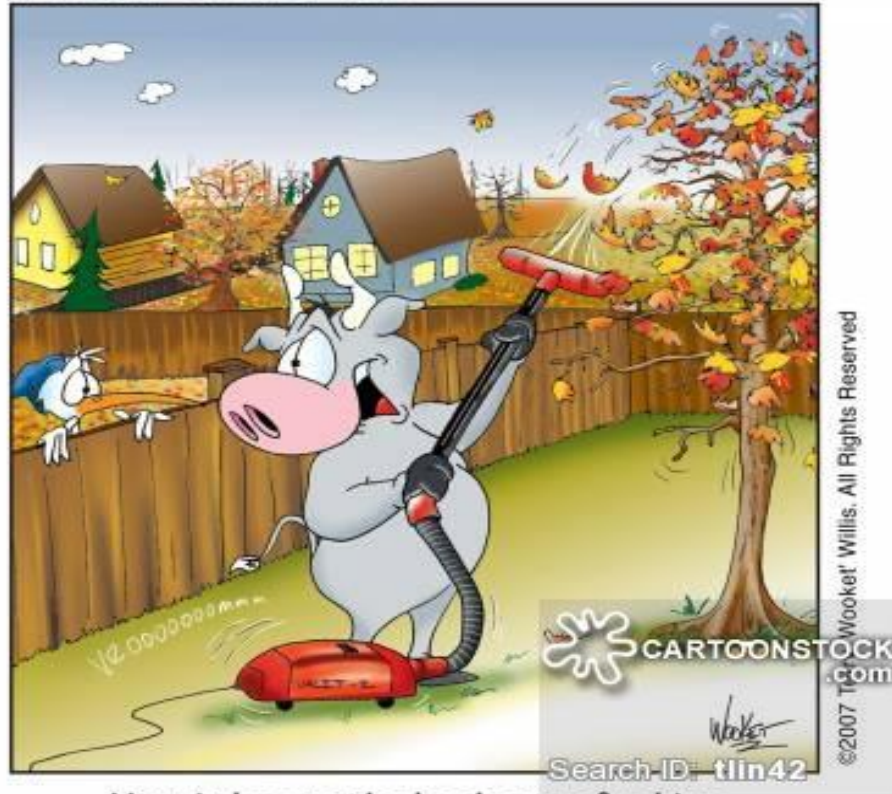
Miscellaneous Individual Provisions



- 529 adds computer equipment after 2014 and removes penalty on tuition refunds reinvested
- Expanded Public Safety Employees Excluded from 10% Retirement Penalty after 2015
- Rollover other plans into a SIMPLE IRA
- Solar Energy Credit phase down
- Exclude payments for services by students at work colleges
- Exclude income from wrongfully incarcerated individuals
- Don't Tax our Fallen Public Safety Hero's Act



A HERD OF LAUGHTER.



Hey, it beats the heck out of raking.

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ABLE Accounts



- Tax advantaged savings account for qualified disabled individuals
- Modeled after 529 Plans
- Generally not counted for federal means test
- Annual aggregate individual contribution limited to gift exclusion limit (\$14,000 for 2015)



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ACA Impacts



- Excise Tax on “Cadillac” Plans Delayed until 2019
- Moratorium on Medical Device Excise Tax for 2016 and 2017
- Moratorium on Health Insurance Provider Fee for 2017



2014

\$95
PER ADULT

\$47⁵⁰
PER CHILD

UP TO \$285
PER HOUSEHOLD



OR ↓

1%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2014, individuals and families with income under approximately **\$28,500** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$28,500** will *pay a penalty equal to 1 percent of their income*.

2015

\$325
PER ADULT

\$162⁵⁰
PER CHILD

UP TO \$975
PER HOUSEHOLD



OR ↓

2%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2015, individuals and families with income under approximately **\$48,750** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$48,750** will *pay a penalty equal to 2 percent of their income*.

2016

\$695
PER ADULT

\$347⁵⁰
PER CHILD

UP TO \$2,085
PER HOUSEHOLD



OR ↓

2.5%
OF YEARLY
HOUSEHOLD
INCOME

FLAT \$ AMOUNT OR % OF INCOME
(WHICHEVER IS GREATER)

IN 2016, individuals and families with income under approximately **\$83,400** will *pay a flat dollar penalty amount* if they fail to obtain minimum essential coverage. Individuals and families with income over **\$83,400** will *pay a penalty equal to 2.5 percent of their income*.



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Business Tax Breaks Made Permanent



- 15-year depreciation period for qualified leasehold improvements, qualified restaurant property, & qualified retail improvement property
- Research & development credit
- 100% exclusion of the gain from the sale of “qualified small business stock”
- Temporary reduction in the waiting period for an S corporation to avoid the built-in gains tax after electing “S” status from 10-years to 5-years
- Contributions of Food Inventory
- Employer Differential Wage Credits



Sec 179 Made Permanent



- **Increase §179 Deduction**
 - Deduction increased to \$500k (indexed)
 - Phase out starts at \$2 million in acquisitions (indexed)
 - Can “elect” to treat \$250k of “Qualified Real Property” as §179 Property in 2015
 - Any unused portion can not be carried over after 2014
 - Part of overall §179 limit in 2016
 - Qualified Real Property (QRP) includes:
 - Qualified Leasehold Improvement Property
 - Qualified Retail Improvement Property
 - Qualified Restaurant Property
 - Off-the-shelf software can be §179 expensed
 - Ability to modify or make election on amended return



Bonus Depreciation Thru 2019



- Bonus on new asset placed in service
- Phase out of First-Year Bonus Depreciation
 - 50% thru 2017
 - 40% in 2018
 - 30% in 2019
- Generally Qualified Property is New Property with a Depreciable Life for Tax Purposes of 20 Years or Less
 - Includes “Qualified Leasehold Improvements”
 - Qualified Improvement Property
 - Any improvement to interior of non-residential property after it goes into service. Not tied to a lease and generally not 15 year MACRS property
 - Trees, vines & plants bearing fruit when planted or grafted
 - Passenger Automobile phase out \$8,000; \$6,400; \$4,800
 - C Corp able to exchange for Refundable AMT Credits
 - Add year for long lived assets & transportation property





“...and that, in simple terms, is the new, proposed tax reform plan.”



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Business Tax Breaks Extended Thru 2016



- Energy Efficient Commercial Property
- Energy Efficient New Homes
- Bunch of other stuff with specific application



Miscellaneous Business



- Small Business \$2,500 Repair Reg De Minimus
- Simplified rules for small business to use new cap and repair regs
- Remodel-refresh retail/restaurant remodel costs



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Due Date Changes & Administrative



- Remove 1099s and W-2s 30 day extension for returns due after 2016
- No refunds before February 15th for EIC or Child Tax credit. Effective for refunds after 2015.
- Must have 1098-T to Claim Education Credits or Tuition Deductions After 2015
- FIN 114 follows individual (with extensions) after 2015
- Reporting Rules for Certain Inherited Property after July 31, 2015 (delayed until February 29, 2016)
- Lenders required to provide additional information on Form 1098 for forms due in 2017



Due Date Changes & Administrative



- **For Tax Years Beginning After 2015**
 - Form 1065 due March 15th (2½ months) with 6 month extension
 - C Corps due 3½ Months after year end
 - Except June Year End Corps would still be 2½ months until tax years beginning after 2025
 - 6 month automatic extension except December Year End Corps would only be 5 months until tax years beginning after 2025
 - Form 1041 initial due date not changed (3½ months) but extension only 5½ months (9 months after year end)
- **Increased penalties for information returns**



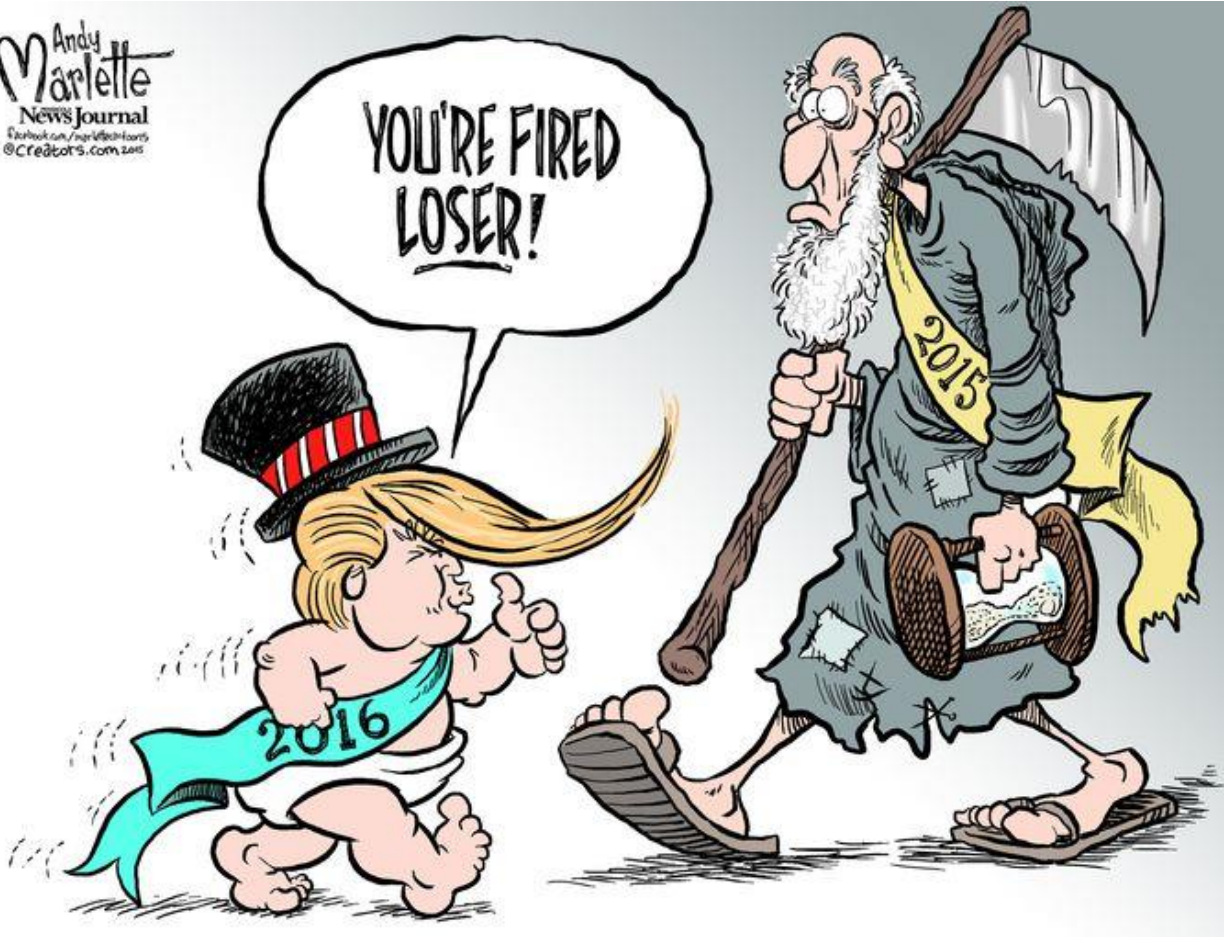
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