

The Consolidated Appropriations Act H.R. 2029
Passed late December 2015
Highlights of Tax Provisions that Pass through to Vermont

Almost all are extensions of existing tax treatment, some modifications

Permanent Extenders

Individuals

- Federal EITC – made permanent the increased amount for families with 3 or more children and increased the phase out range for MFJ taxpayers (indexed). Expired for 2016.
- Deduction up to \$250 for teachers – indexed for inflation beginning in 2016
- Deduction for state and local sales taxes in lieu of deduction for state and local income taxes.
- Incentives for charitable giving made permanent.

Businesses

- R&D Tax Credit made permanent
- 15 year straight-line cost recovery for qualified leasehold, restaurant and retail improvements
- Sec 179 expensing provisions increased and made permanent
- RIC exemption for interest-related dividends and short-term capital gains

5-Year Extension – through 2019

- Bonus depreciation deduction (Vermont is decoupled)
- Look-through treatment of dividends, interest, rents and royalties from foreign corporations

Two-Year Extension of Expired Provisions – through 2016

Individual

- Gross income discharge of qualified principal residence indebtedness income
- Mortgage insurance premiums deduction for certain taxpayers
- Above the line deduction for qualified tuition and related expenses

Business

- Certain racehorses to be depreciated as 3-year property instead of 7-year property
- 7-year recovery period for motorsports entertainment complexes
- Accelerated depreciation for qualified property within an Indian reservation
- Election to expense mine safety equipment in the year it is put in service
- Special expensing rules for certain film and television production (adds live theater)

Energy

- Depreciation allowance for second-gen biofuel plant property
- Deduction for energy efficient commercial buildings