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TaxScriptions

"A Prescription For Tax Relief"



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Retirement Planning Group,

Congress Passes Tax Extender Package & ABLE Legislation For the Disabled.

Late Tuesday, December 16, the Senate, by a vote of 76 to 16, passed the tax package, H.R. 5771. This legislation includes the "Tax Increase Prevention Act of 2014," (TIPA) which was passed by the House on Dec. 3 by a vote of 378 to 46 and which would extend through 2014 over fifty currently expired "extender" provisions. This tax package also includes H.R. 647, the "Achieving a Better Life Experience (ABLE) Act of 2014," which was passed by the House on Dec. 3, by a vote of 404 to 17, and which establishes a new type of tax-advantaged savings program for individuals with disabilities and makes a number of other non-extender tax changes.

The bill will be sent to the President for his signature. It is expected that these tax provisions will be quickly signed into law.

Here are the highlights:

- **Section 179 Equipment Tax Deduction:** TIPA retroactively extends for one year the increased \$500,000 maximum expensing amount under Code Sec. 179 and the increased \$2 million investment-based phaseout amount. These increased amounts will apply for qualified property placed in service before Jan. 1, 2015. For tax years beginning after 2014, the maximum expensing amount is again scheduled to drop to \$25,000 and the investment-

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Frequently Asked Questions?

2015

What is the standard business mileage rate for 2015?

57.5 cents per mile

What is the medical care mileage rate for 2015?

23 cents per mile

2014

What is the standard business mileage rate for 2014?

56 cents per mile

What is the medical care mileage rate for 2014?

23.5 cents per mile

based phaseout amount is scheduled to drop to \$200,000. Up to \$250,000 of qualified real property (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property) is eligible for Code Sec. 179 expensing.

- **Leasehold and Retail Improvements 15-Year Write-off Extended:** TIPA retroactively extends for one year the inclusion of qualified leasehold improvement property, qualified restaurant property and qualified retail improvement property in the 15-year MACRS class. Such property qualifies for 15-year recovery if it is placed in service before Jan. 1, 2015.
- **Bonus First Year Depreciation Extended:** 50% first year bonus depreciation extended for one year. It applies to qualified property acquired and placed in service before Jan. 1, 2015 (before Jan. 1, 2016 for certain longer-lived and transportation property).
- **First-Year Depreciation Cap for 2014:** A passenger auto that is qualified property under Code Sec. 168(k) , (and isn't subject to the election to decline bonus depreciation and AMT depreciation relief), the Act extends the placed-in-service deadline for the \$8,000 increase in the first-year depreciation limit from Dec. 31, 2013 to Dec. 31, 2014.
- **Tax Free IRA Withdrawals for Charity:** Anyone over 70 ½ will be allowed to donate up to \$100,000 from his or her traditional IRA, without incurring taxes, if the money is distributed directly to an eligible charity
- **Tuition Deduction for Education:** Even if you do not itemize your taxes, you will be able to deduct up to \$4,000 spent on qualified tuition, fees, and related expenses for post-secondary education
- **Home Mortgage Insurance Premiums Deduction:** If you itemize your taxes, you will be allowed to take a tax deduction for PMI
- **State and Local Sales Tax Deduction:** If you itemize your taxes, you will now be able to take a tax deduction for these taxes. This is especially helpful if you live in a state that does not have an income tax
- **Tax Free Savings for Disabled Individuals:** This is attached to the extender bill and is called the Achieving a Better Life Experience (ABLE) Act. With this Act, those who were disabled prior to age 26 will be able to contribute up to \$14,000 a year, tax free, into an ABLE account. Not only that, but this provision will also apply to their family and friends!

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