Individual Extenders in the 2014 Tax Increase Prevention Act

Congress has once again extended the "extenders," a varied assortment of more than 50 individual and business tax deductions, tax credits, and other tax-saving laws which have been on the books for years but which technically are temporary because they have a specific end date. This package of tax breaks has repeatedly been temporarily extended for short periods of time (e.g., one or two years), which is why they are referred to as "extenders." Most of the tax breaks expired at the end of 2013, but now, in the recently enacted Tax Increase Prevention Act of 2014, the extenders have been revived and extended once again. The package generally renews the tax breaks for one year through the end of 2014, allowing businesses and individuals to claim them on their 2014 returns. The list of extended provisions includes several important tax breaks for individuals. I'm writing to give you an overview of these key tax breaks that were extended by the new law. Please call our office for details of how the new changes may affect you.

The extended provisions include:

... the $250 above-the-line deduction for teachers and other school professionals for expenses paid or incurred for books, certain supplies, equipment, and supplementary material used by the educator in the classroom;

... the exclusion of up to $2 million ($1 million if married filing separately) of discharged principal residence indebtedness from gross income;

... parity for the exclusions for employer-provided mass transit and parking benefits;

... the deduction for mortgage insurance premiums deductible as qualified residence interest;

... the option to take an itemized deduction for State and local general sales taxes instead of the itemized deduction permitted for State and local income taxes;

... the increased contribution limits and carryforward period for contributions of appreciated real property (including partial interests in real property) for conservation purposes;

... the above-the-line deduction for qualified tuition and related expenses; and

... the provision that permits tax-free distributions to charity from an individual retirement account (IRA) of up to $100,000 per taxpayer per tax year, by taxpayers age 70½ or older.