

**Tax Increase Prevention Act of 2014**  
**Changes Impacting Content in the 2015 Federal Depreciation Handbook**

<i>Item</i>	<i>IRC §</i>	<i>Effective Date</i>	<i>Handbook Pages<sup>1</sup></i>	<i>New Law</i>	<i>Before Law Change</i>
<b>Individual Exclusion</b>					
<b>Cancellation of Debt (COD)—Mortgage Debt</b>	108(a)(1)(E)	2014	10-29	Individuals can exclude up to \$2 million (\$1 million for MFS) of COD income from qualified principal residence indebtedness that is canceled because of their financial condition or decline in value of the residence.	Exclusion expired on 12/31/13.
<b>Business Property</b>					
<b>Energy Efficient Commercial Buildings Deduction</b>	179D(h)	Property placed in service in 2014	9-15	A business can deduct, rather than capitalize and depreciate, all or part of the cost of energy efficient commercial building property.	The deduction expired for property placed in service after 2013.
<b>Indian Reservation Property—Shorter Recovery Periods</b>	168(j)(8)	Property placed in service in 2014	3-10, 4-55, 4-56, 6-4, 6-35–6-37	Shortened recovery periods for both regular tax and AMT apply to qualified Indian reservation property placed in service before 2015.	Qualifying property was required to be placed in service before 2014.
<b>Motorsports Entertainment Complexes—Seven-Year Recovery Period</b>	168(e)(3)(C)(ii) and (i)(15)	Property placed in service in 2014	3-6, 4-13, 4-20, 4-35, 4-39	Motorsports entertainment complexes are depreciated over a seven-year recovery period if placed in service before 2015.	Qualifying property was required to be placed in service before 2014.
<b>Qualified Leasehold, Restaurant and Retail Improvement Property</b>	168(e)(3)(E)	Property placed in service in 2014	QRC, 3-4–3-6, 4-43, 4-46, 4-47, 6-4, 6-7, 9-3, 9-4, 9-19–9-21	Qualified leasehold improvements, qualified restaurant property and qualified retail improvements are assigned a 15-year (GDS) or 39-year (ADS) straight-line recovery period.	Such properties placed in service after 2013 were assigned a 39-year (GDS) or 40-year (ADS) straight-line recovery period.
<b>Race Horses—3-year Property</b>	168(e)(3)	Property placed in service in 2014	3-6, 3-7, 3-21, 4-11, 4-20, 4-25	A race horse, regardless of age when placed in service, is treated as three-year property.	The three-year recovery period for race horses two years old and younger expired on 12/31/13.
<b>Section 179—Deduction Limit and Eligible Property</b>	179(b), (c) and (d)	Property placed in service in tax years beginning in 2014	QRC, Chapter 7 (throughout), 8-17, 13-10	The Section 179 deduction and qualifying property limits are \$500,000 and \$2,000,000, respectively. In addition, off-the-shelf computer software qualifies for Section 179 expensing and taxpayers can amend or revoke a Section 179 election without IRS consent.	For tax years beginning after 2013, the deduction and qualifying property limits were \$25,000 and \$200,000, respectively, off-the-shelf software did not qualify for Section 179 expensing and the election generally was irrevocable without IRS consent.
<b>Section 179—Qualified Real Property</b>	179(f)	Property placed in service in tax years beginning in 2014	QRC, 7-13, 7-14, 7-16, 7-17, 9-4, 9-19–9-21	Taxpayers can claim the Section 179 deduction on up to \$250,000 of qualified real property (qualified leasehold improvements, qualified restaurant property and qualified retail improvement property).	For tax years beginning after 2013, qualified real property was not eligible for Section 179 expensing.

<sup>1</sup> References are to the 2015 print edition of the Federal Depreciation Handbook (chapter-page). For the 2015 Checkpoint and ProView editions, the content is in the referenced chapter. QRC = Quick Reference Card (included in print and ProView editions).

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<b>Special (Bonus) Depreciation</b>	168(k)	Property placed in service in 2014	QRC, 3-25-3-28, Chapter 5 (throughout), 6-4, 6-31-6-35, 7-17, 7-18, 8-3, 8-15-8-18, 9-5, 9-19, 11-15, 12-8, 12-9, 13-10	50% special depreciation is allowed for qualified property placed in service in 2014 (also 2015 for long-production-period property and certain aircraft). <b>Note:</b> For 2014, the Section 280F limit on depreciation for passenger autos, trucks and vans is also increased by \$8,000.	For property placed in service in 2014, special depreciation was only available for long-production-period property and certain aircraft.
<b>Special (Bonus) Depreciation—Corporate Election to Accelerate Certain Credits Instead</b>	168(k)(4)	Property placed in service in 2014	3-28, 5-30, 13-23	The election available to corporations to forego the special depreciation allowance and instead increase the limit on certain credits is extended one year to assets placed in service in 2014 (2015 for long-production-period property and certain aircraft). The election can be made for Round Four property, which is property eligible for special depreciation solely because of the extension of the special depreciation allowance for certain property placed in service in 2014. However, corporations that have already made this election for an earlier year can elect to not apply the election to Round Four property.	The election expired for property placed in service after 2013 (2014 for long-production-period property and certain aircraft).
<b>Special (Bonus) Depreciation—Qualified Second Generation Biofuel Plant Property</b>	168(l)(2)(D)	Property placed in service in 2014	3-28, 3-29, 5-45, 5-46	50% special depreciation is allowed for qualified second generation biofuel plant property placed in service before 2015.	Qualifying property was required to be placed in service before 2014.
<b>Tax Credits</b>					
<b>New Energy Efficient Homes Credit</b>	45L(g)	Homes acquired in 2014	9-16	A credit is available to the seller of homes that meet certain energy efficiency standards.	Credit expired on 12/31/13.
<b>Nonbusiness Energy Property Credit</b>	25C(g)	2014	9-16	A credit (subject to a \$500 lifetime cap) is available for qualified energy efficiency improvements and expenditures to a taxpayer's principal residence.	Credit expired on 12/31/13.
<b>Research Credit</b>	41(f) and (h)(1)	Amounts paid or accrued in 2014	13-21	A credit for the cost of increasing research activity is available. The credit generally is 20% of qualifying expenses over a base amount.	Credit expired for amounts paid or accrued after 2013.
<b>Other Business Provision</b>					
<b>Empowerment Zone Tax Incentives</b>	1391(d)(1)	2014	Glossary, 7-4, 7-5	The Empowerment Zone designation is available through 12/31/14; therefore, tax incentives for such areas are available in 2014.	The availability of the Empowerment Zone designation expired 12/31/13.
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