What's News in Tax

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Here Today, But What About Next Year? Tax Incentives Scheduled to Expire at End of 2016

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Almost 30 temporary tax incentives are scheduled to expire at the end of 2016. Taxpayers need to be aware that, although these incentives may be available for qualifying 2016 activity, there is risk that some or all these incentives might not be available next year. Taxpayers may want to monitor future legislative activity to see if any of these incentives are extended. This article highlights tax incentives that are scheduled to expire at the end of 2016 and makes observations about the prospects for future "extenders" legislation.

Printable color charts listing key temporary federal tax incentives and their scheduled expiration dates are attached. Separate charts are provided for different topics so that users can zero in on the particular topics of most interest to them and can pin those charts on the wall, or otherwise save them, for quick reference.[1]

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[1] The charts list key expiring incentives and provide general information about expiration dates. The charts do not list fees, taxes, or increased rates that are scheduled to expire. For more information on specific tax incentives, see the relevant sections of the Internal Revenue Code and Treasury regulations. *See also* List of Expiring Federal Tax Provisions 2016-2025, Prepared by the Staff of the Joint Committee on Taxation, JCX-1-16 (Jan. 8, 2016). Unless otherwise indicated, section references are to the Internal Revenue Code of 1986, as amended (the "Code") or the applicable regulations promulgated pursuant to the Code (the "regulations").

Background

At this time last year, the fate of over 50 temporary tax incentives was in question. Those incentives generally had expired at the end of 2014, creating uncertainty as to whether some or all would be reinstated retroactively to apply to 2015 activity.

However, in December of last year, Congress passed and President Obama signed into law legislation that not only extended expired incentives retroactively to the beginning of 2015, but also extended some incentives prospectively on a temporary basis and made others permanent (such as the research credit and the exception under subpart F for active financing income).[2] For provisions extended temporarily, some were extended for a short term (generally through 2016), while others were extended for several years (some with "phase-out" schedules).

Last year's legislation also modified the technical details of some tax incentive provisions. See the KPMG report on Protecting Americans from Tax Hikes Act of 2015 and Related Tax Legislation and Pub. Law 114-113 for more information about the details of last year's legislation.

Scheduled to Expire at the End of 2016

Last year's legislation extended almost 30 tax incentives for a short-term, generally through December 31, 2016. Unless legislation is enacted that further extends these incentives, these incentives generally will expire at the end of this year (i.e., they generally will not be available with respect to 2017 activity). These provisions include:

- Exclusion of income from discharge of qualified principal residence indebtedness (with a special rule for discharges pursuant to a binding written agreement entered into before January 1, 2017)
- Treatment of premiums paid or accrued for qualified mortgage insurance in connection with acquisition indebtedness as qualified residence interest for purposes of interest deduction rules
- Shorter depreciation recovery periods for tangible property used predominantly in the active conduct of a trade or business (other than gaming) within an Indian reservation

[2] See Pub. Law 114-113, the Consolidated Appropriations Act, 2016, which includes tax-related provisions in Division P (the "Omnibus") and Division Q (the "Protecting Americans from Tax Hikes Act of 2015"—or the "PATH Act"). The legislation did not offset the revenue costs of extending (or making permanent) tax incentives. Last year's law also includes two-year moratoria with regard to two provisions that were enacted as part of healthcare reform legislation—the medical device excise tax and the so-called "Cadillac tax" on high cost health insurance plans. A separate provision also provides a one-year moratorium (for 2017) on the application of the fee applicable to health insurance providers.

- General business credit for certain wages paid to a member of an Indian tribe (or the member's spouse) for services within an Indian reservation, while the employee lives on or near the reservation
- Nonbusiness energy property credit
- Credit for alternative fuel vehicle refueling property
- Second generation biofuel producer credit
- Incentives for biodiesel and renewable diesel
- Production credit for Indian coal facilities
- Production tax credit for certain renewable sources of electricity (for facilities for which construction has commenced by the end of 2016), including biomass, geothermal, landfill gas, and others
- Energy credit (other than the credits relating to wind and solar energy property)
- Credit for construction of new energy efficient homes
- Cellulosic biofuels bonus depreciation
- Energy efficient commercial buildings deduction
- Special rule for sales or dispositions relating to FERC or state electric restructuring policy for qualified electric utilities
- Credits relating to alternative fuels
- Credit for fuel cell motor vehicles
- Above-the-line deduction for qualified tuition
- General business credit for amounts paid for the maintenance of certain railroad track owned or leased by a Class II or Class III railroad in the United States
- General business credit allowed for certain training costs of a mine rescue team worker
- Authorization for credits for state or local qualified zone academy bonds used to support a school in an empowerment zone or enterprise zone
- Three-year depreciation recovery period for a race horse, regardless of its age when placed in service

- Seven-year depreciation recovery period for motorsports entertainment complexes, including land improvements, support facilities, and certain buildings used by the public in attending racing events
- Election to expense 50 percent of the cost of advanced mine safety training equipment in the year placed in service
- Election to expense up to $15 million of the production costs of a film or television production in certain situations
- Deduction with respect to income attributable to domestic production activity in Puerto Rico
- Temporary increase in rum cover over limit
- American Samoa economic development credit

In addition, last year's legislation included two other provisions that are generally scheduled to expire at the end of 2016.

- It reinstated a 10-percent credit for the purchase of electric motorcycles in 2015 and 2016. The credit, which is capped at $2,500 per qualifying vehicle, was in place prior to 2014, but was allowed to expire on December 31, 2013. The provision applies only to two-wheel, not three-wheel, electric vehicles.
- It included a special 23.8-percent tax rate for certain timber gains of C corporations for tax years beginning in 2016.

Multi-Year Extensions, In General

The 2015 legislation also extended the following tax incentives (with some modifications) for several years, generally through 2019:

- Look-through treatment of payments between related controlled foreign corporations (CFCs) under foreign personal holding company rules
- Authority for the Treasury Department to allocate new markets tax credits to qualified community development entities
- Work opportunity credit
- 50-percent "bonus depreciation" deduction, but with the deduction percentage reduced to 40 percent for property placed in service in 2018, and to 30 percent for 2019 (with special rules for certain extended production period property and certain corporate aircraft)
- Certain other rules relating to bonus depreciation

The legislation also created a new temporary rule with respect to how the section 199 domestic manufacturing deduction applies to independent oil refiners. This rule generally allows an independent refiner to reduce transportation costs allocable to "qualified production activities income" (QPAI) by 75 percent, effective for tax years beginning between 2016 and 2021.

Extensions of Energy-Related Credits with Phase-Downs

Last year's legislation also provided multi-year extensions of wind and solar tax credits, but subject to phase-down schedules.

With respect to wind facilities, the "begin construction deadline" for the production tax credit—as well as for the election to claim the investment tax credit in lieu of the production tax credit—was extended to December 31, 2019. However, the amount of the production tax credit is phased down based on when construction begins in accordance with the following schedule:

Period in which construction begins	Credit decrease
Before January 1, 2017	No reduction
After December 31, 2016, and before January 1, 2018	20% reduction
After December 31, 2017, and before January 1, 2019	40% reduction
After December 31, 2018, and before January 1, 2020	60% reduction

Thus, the amount of the production tax credit may be lower for construction that begins in 2017 than for construction that began (or begins) in 2016.

An investment credit is available for solar energy property. However, the amount of the credit is reduced the later construction begins in accordance with the following schedule:

Period in which construction begins	Credit rate
Before January 1, 2020	30%
After December 31, 2019, and before January 1, 2021	26%
After December 31, 2020, and before January 1, 2022	22%

In addition—for solar energy property—for any project for which the construction begins before January 1, 2022, but is not placed in service before January 1, 2024, the credit rate is 10 percent. In the case of projects for which construction begins after December 31, 2021, the credit rate also is 10 percent.

Provisions Made Permanent

The PATH Act made about 20 tax incentives permanent (with some modifications). As a general matter, these tax incentives tended to have broad and deep political support. These incentives include:

- Research credit
- Exception under subpart F for active financing and insurance income
- $500,000 limitation on the amount of depreciable property that may be expensed under section 179 in the year placed in service
- Reduction of section 1374 built-in gains (BIG) tax recognition period to five years
- Basis adjustment to stock of S corporations making charitable contributions of property
- 100-percent exclusion of gain on qualified small business stock (and elimination of the AMT preference item for such excluded gain)
- 15-year depreciation recovery period for portions of a building that are qualified leasehold improvements, qualified retail improvements, or qualified restaurant property
- Definition of regulated investment company (RIC) as qualified investment entity under FIRPTA
- Treatment of certain dividends by RICs to foreign investors
- Minimum 9-percent low-income housing credit rate for investments in new buildings that are not federally subsidized.
- Tax-free distributions from individual retirement accounts (IRAs) for charitable purposes after the IRA owner attains age 70 ½ (limited to $100,000 per taxpayer per tax year)
- Enhanced charitable deduction for contributions of food inventory
- Special rules for contributions of capital gain real property made for conservation purposes
- Modification of tax treatment of certain payments to controlling exempt organizations
- Parity for exclusion from income for employer-provided mass transit and parking benefits.
- Deduction for state and local general sales taxes

- General business credit for differential wage payments to employees while they are on active duty in the uniformed services
- Deduction for certain expenses of elementary and secondary school teachers
- Enhanced child credit
- American opportunity tax credit
- Enhanced earned income tax credit

Observations about Possible Legislative Action

At the time this article was published, it was not clear whether or when legislation might be enacted that would extend the scheduled expiration dates of tax incentives that are set to expire at the end of this year. Further, even if "extenders" legislation were enacted, it is not clear how broad it would be in scope (i.e., whether some, or all, of the expiring incentives would be extended).

Lame Duck

Congress is now in recess pending the November elections. However, the current members of Congress are expected to return after the elections for a short "lame duck" session that will end before the next Congress convenes in early January.

Some members—particularly in the Senate—have indicated that they will push for at least the renewable energy incentives to be extended during the lame duck session. Further, if there is an opportunity to extend the energy-related provisions, this could open the door for other temporary incentives also to be extended. Thus, there could be some political pressure to address expiring incentives in the lame duck session. If Congress does address these incentives, this could very well lead to other tax provisions, such as technical corrections, also being included.

Nonetheless, it is not clear whether *any* tax legislation will be addressed during the lame duck session, which (by definition) will be short. The lame duck session will have to address government funding issues. While it is possible that government funding legislation could become a vehicle for tax legislation, it also is possible that the lame duck Congress may limit what else it addresses prior to adjournment.

In this regard, note that some members might not view extenders as "must pass" legislation this year given that even the incentives that were extended only through 2016 are "not dead yet" and could be resuscitated in 2017 retroactive to the beginning of that year. Indeed, it has become fairly common for Congress to wait until temporary incentives have already expired to extend those incentives.

It also is worth noting that some key House Republicans have expressed opposition to addressing "extenders" during the lame duck session. For example, Ways and Means Committee Chairman Kevin Brady (R-TX) has suggested that action (if any) on extenders should be addressed next year (perhaps in the context of tax reform).

Thus, there are reasons to be both optimistic and pessimistic about potential action on extenders during the lame duck session. As a result, taxpayers who are interested in whether particular expiring provisions will be extended may want to monitor legislative activity during that session.

Next Congress

If the lame duck Congress does not address extenders this year, the incentives that expire at the end of 2016 generally would not be available with respect to 2017 activity unless legislation extending those incentives were enacted in the future. Thus, the question of what (if anything) to do with the provisions that expire at the end of 2016 would be squarely at issue in 2017.

Keep in mind that a new Congress will convene in January and a new president will be sworn in later that month. Pending the elections, it is not clear what the composition of the new House and Senate will be or who the next president will be. Thus, caution is in order in predicting what might happen with tax legislation next year.

Nonetheless, as a very general matter, it is possible that a new Congress might take up tax legislation (perhaps even early in 2017) that could be a vehicle for extending expired provisions. Further, even if there is not significant tax legislation next spring or summer, the new Congress might decide to address some or all of the expired incentives at the end of the year (consistent with some past precedent).

Thus, it could be important to watch the new Congress and the new Administration for signals as to when and how extenders legislation might be addressed and, if such legislation is enacted, which incentives might be extended.

Stay tuned for more information.

For more information, contact a member of KPMG's Washington National Tax (WNT) Federal Legislative and Regulatory Services group:

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cutting through complexity

Cost Recovery

November 1, 2016

Provision	Amount	Date applies through
Bonus depreciation Additional first year depreciation allowance in tax year qualified property is placed in service Section 168(k)	Additional allowance equal to 50% of adjusted basis of qualified property, subject to phase-down described in next column.	Generally, additional allowance of 50% of adjusted basis of qualified property is reduced to 40 percent for property placed in service in 2018, and to 30 percent for 2019. Rules that allow certain extended production period property and certain corporate aircraft an extra year to be placed in service continue, so the 30-percent rate applies to that through 2020. Other special rules apply to certain property.
Acceleration of AMT credits in lieu of bonus depreciation Allows corporation that otherwise is eligible for bonus depreciation to elect to claim instead additional minimum tax credits Section 168(k)(4)	Minimum tax credit limitation is increased by 20% of bonus depreciation for certain qualified property that could be claimed as a deduction absent an election under the provision (subject to limit for corporations of lesser of $30 million or 6% of pre-2006 AMT credits that were available in 2008)	Generally, property acquired and placed in service through 2019 (or 2020 in the case of certain long-lived and transportation property). For qualified property placed in service in 2015, the amount of accelerated AMT credits are, as in the past, based in part on the amount of AMT credits generated before 2006 that are available in the first tax year ending after March 31, 2008 (also limited by reference to the amount of foregone bonus depreciation that will be foregone, and in all cases limited to $30 million). For tax years ending after 2015, the annual limitation is 50 percent of the AMT credits generated in tax years ending before January 1, 2016, but not more than the total amount of such pre-2016 credit that has not been previously used as a credit (and also limited by reference to the amount of

Provision	Amount	Date applies through
		foregone bonus depreciation). Other modifications also apply.
Special rules for certain plants bearing fruits and nuts Section 168(k)(5)	Election for applicable percentage of basis of certain plants to be deductible for regular and AMT purposes in year planted or grafted. Applicable percentage is subject to phase down schedule.	Plants planted or grafted through 12/31/19. Applicable percentage is 50 percent for 2016 and 2017, but phases down to 40 percent in 2018 and to 30 percent in 2019.
Special rules for certain film and television productions Election to treat cost of qualified film or television production as deductible expense Section 181(f)	Treatment limited to first $15 million of cost of production ($20 million for costs incurred in certain economically depressed areas in the United States)	Qualified productions commencing before 2017 For productions the first performance of which is after 2015, the costs of staging live theatrical productions also are eligible, generally limited to shows in venues with an audience capacity of 3,000 or less. As is the rule for film and television productions, theatrical performances showing actual sexually explicit conduct are not eligible.
Accelerated depreciation for business property on Indian reservations Shorter depreciation recovery periods for qualified Indian reservation property Section 168(j)		Property placed in service on or before 12/31/16 For tax years beginning after 2015, a taxpayer is permitted to elect out of the special recovery period for any class of property it places in service during the year.

Provision	Amount	Date applies through
Election to expense advanced mine safety equipment Allows taxpayer to irrevocably elect to expense a portion of the cost of certain advanced mine safety equipment property placed in service during the tax year Section 179E	50% of cost of qualified advanced mine safety equipment property	Property placed in service before 1/1/2017
3-year depreciation for racehorses Treatment of race horses as "3-year property" for purposes of section 168 cost recovery rules Section 168(e)(3)(A)(i)		Race horses placed in service before 1/1/17, regardless of age when placed in service. (Otherwise, race horses placed in service by purchaser after 2016 that are more than 2 years old when placed in service.)
7-year recovery period for motorsports entertainment complexes Treatment of motorsports entertainment complexes as "7-year property" for purposes of section 168 cost recovery rules. Paragraphs (e)(3)(C)(ii) and (i)(15) of section 168		Property placed in service before 1/1/17

Provision	Amount	Date applies through
Look-through treatment of payments between related controlled foreign corporations (CFCs) under foreign personal holding company rules Treats certain payments (interest, dividends, rents and royalties) from related person CFCs as not foreign personal holding company income, subject to certain requirements Section 954(c)(6)		Tax years beginning before 1/1/20
Deduction for certain production activities in Puerto Rico Extends the section 199 domestic production activities deduction to activities in Puerto Rico Section 199(d)(8)	Section 199 generally provides a deduction of 9% of the lesser of (1) qualified production activities of the taxpayer for the tax year or (2) taxable income (determined without regard to section 199) for such year.	Tax years beginning before 1/1/17
American Samoa economic development credit Credit for certain domestic corporations with activities in American Samoa Section 119 of division A of the Tax Relief and Health Care Act of 2006 (Pub. L. No. 109-432 as amended by Section 756 of Pub. L. No. 111-312)		Tax years beginning before 1/1/2017

Provision	Amount	Date applies through
New markets tax credit New markets tax credit on qualified investments into community development entities that make investments into business in low-income communities Section 45D	Credit equals 5% of the qualified equity investment for the first three years and 6% for the four remaining years of the credit period	$3.5 billion of credits are authorized for each year from 2015 through 2019, the same amount that had been authorized for 2010 through 2014.
Extension of empowerment zone tax incentives Allows certain areas to be designated as empowerment zones (for which special tax incentives are available) Section 1391(d)(1)(A)		Designations generally remain in effect through 2016 (if not otherwise terminated)
Qualified zone academy bond (QZAB) Allows holder of a QZAB a credit against income tax Sections 54A and 54E	Credit is granted quarterly and set as equivalent of a market interest rate on the outstanding face amount of bond	Generally allows certain bonds issued through 2016 to be designated as QZABs

Provision	Amount	Date applies through
Work opportunity tax credit "Work opportunity" credit against income taxes for employers that hire individuals from certain targeted groups Section 51	Generally, 40% of the first $6,000 of qualified first-year wages paid to members of certain targeted populations (subject to special rules for certain employees)	Amounts paid or incurred to individuals who begin work for the employer on or before 12/31/19
Indian employment tax credit Credit against income taxes for those who employ members of Indian tribes (or their spouses) who work within Indian reservations Section 45A	20% of excess of qualified wages and health insurance costs paid to eligible employees ($20,000 maximum per employee) in the current year over the amount incurred during 1993	Tax years beginning on or before 12/31/16
Mine rescue team training credit Credit against income taxes for eligible employers that pay or incur certain mine rescue team training program costs Section 45N	For each qualified mine rescue team employee, lesser of (1) $10,000 or (2) 20% of amount paid or incurred for training program costs of such employee during the tax year.	Tax years beginning on or before 12/31/16

Provision	Amount	Date applies through
Renewable energy production tax credit (PTC) – wind facilities Treatment of certain kinds of facilities as qualified facilities for purposes of credit for production and sale of electricity produced from "renewable" energy resources at a qualified facility during the 10-year period beginning on placed-in-service date Section 45(d)	Up to 1.5 cents per kilowatt hour produced and sold, adjusted for inflation; subject to phase down schedule	Generally, wind facilities the construction of which begins on or before 12/31/19; however, the amounts of the credits are phased down the later construction begins in accordance with a schedule
Renewable energy production tax credit (PTC) – other facilities Treatment of certain kinds of facilities as qualified facilities for purposes of credit for production and sale of electricity produced from "renewable" energy resources at a qualified facility during the 10-year period beginning on placed-in-service date Section 45(d)	Up to 1.5 cents per kilowatt hour produced and sold, adjusted for inflation	Generally, facilities (other than wind facilities) the construction of which begins before 1/1/17
Election to treat qualified wind facilities as energy property	30% of eligible basis of wind energy property placed in service during the tax year.	Generally, wind facilities the construction of which begins on or before 12/31/19; however, the amount of the credit is phased down the later construction begins in accordance with a schedule
Election to treat qualified non-wind facilities as energy property	30% of eligible basis of qualifying property placed in service during tax year	Generally, non-wind facilities the construction of which begins on or before 12/31/16

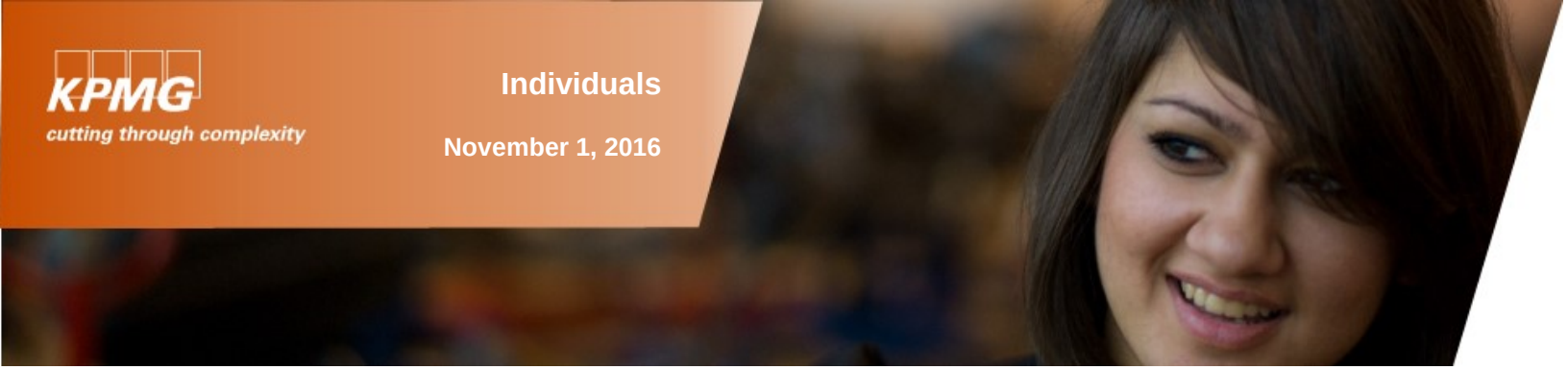
Provision	Amount	Date applies through
Allows taxpayer to elect to treat qualified property that is part of certain qualified facilities the electricity production of which is eligible for the section 45 PTC instead as energy property eligible for the section 48 investment credit Section 48(a)(5)(C)		
Energy credit (solar) Section 48(a)	Reduced in accordance with phase-out schedule	The investment tax credit for solar is reduced in accordance with a schedule the later construction begins
Energy credit (other than solar) Section 48(a)	30% or 10% of eligible basis depending on the type of property being placed in service.	Placed in service before 1/1/17
Second generation biofuel producer credit Credit for production of qualified second generation biofuel Section 40(b)(6)	Up to $1.01 per gallon	Production and sale for use or use as a fuel in a trade or business before 1/1/17
Small agri-biodiesel producer credit Credit for production of qualified agri-biodiesel Section 40A(b)(4)	10 cents per gallon for qualifying agri-biodiesel production, subject to limits	Production and sale for use or use as a fuel in a trade or business before 1/1/17
Cellulosic biofuels bonus depreciation Allows facilities producing cellulosic biofuel to expense 50% of their eligible capital costs in the first year facilities are placed-in-service	50% of the adjusted basis of qualifying property placed in service	Placed in service before 1/1/17

Provision	Amount	Date applies through
Section 168(l)		
Energy efficient commercial buildings deduction Allows deduction for cost of otherwise depreciable energy efficient commercial building property (property designed to significantly reduce heating, cooling, water heating, and interior lighting energy costs) placed in service during tax year Section 179D	Up to $1.80 per square foot for an efficiency improvement of at least 50%	Property placed in service on or before 12/31/16
Incentives for biodiesel and renewable diesel Incentives for (1) qualified biodiesel mixtures, (2) biodiesel not mixed with diesel fuel that is used as a fuel in taxpayer's trade or business or sold by taxpayer at retail and placed in the fuel tank of a vehicle, (3) qualified renewable diesel mixtures, (4) renewable diesel not mixed with diesel fuel that is used as a fuel in taxpayer's trade or business or sold by taxpayer at retail and placed in the fuel tank of a vehicle Sections 40A, 6426, and 6427	$1.00 per gallon of biodiesel or renewable diesel	For qualified mixtures, production and sale for use or use as a fuel in a trade or business before 1/1/17; for biodiesel and renewable diesel not mixed with diesel, sale for use or use as a fuel in a trade or business before 1/1/17
Enhanced section 199 domestic manufacturing deduction for independent oil refiners	For independent refiners, reduction in transportation costs allocable to “qualified production activities income” (QPAI) by 75%	Tax years beginning between 2016 and 2021

Provision	Amount	Date applies through
Incentives for alternative fuel and alternative fuel mixtures (including liquefied hydrogen) Credit or payment for alternative fuel sold for use or used as a fuel in a motor vehicle or motorboat, or for use as a fuel in aviation. Credit only against excise tax liability for qualified alternative fuel mixtures sold for use or used as a fuel in a trade or business. Sections 6426 and 6427	50 cents per gallon (or gasoline gallon equivalent)	For alternative fuel, sale for use or use as a fuel in trade or business before 1/1/17; for qualified mixtures, production and sale for use or use as a fuel in a trade or business before 1/1/17
Credit for alternative fuel vehicle refueling property (including hydrogen property) Credit for portion of cost of qualified alternative fuel vehicle refueling property placed in service during tax year Section 30C	30% credit rate, with maximum per location credit of $30,000 for depreciable property ($1,000 otherwise)	Property placed in service before 1/1/17
Credit for construction of new energy efficient homes Credit for eligible contractors that construct or manufacture – and sell – energy-efficient new homes that meet certain energy saving requirements Section 45L	$1,000 per home for homes 30% more efficient than standard; $2,000 per home for homes 50% more efficient than standard	Qualified homes acquired on or before 12/31/16
Credit for energy efficient improvements to existing homes	Sum of (1) 10% of amount paid for qualified improvements plus (2) amount of residential energy property expenditures; subject to	Property placed in service on or before 12/31/16

Provision	Amount	Date applies through
Credit for individuals for portion of amount paid for qualified energy efficiency improvements and residential energy property expenditures Section 25C	$500 lifetime limitation (and other limitations)	
Credit for fuel cell motor vehicles Credit for portion of cost of qualified vehicles fueled by combining hydrogen with oxygen to create electricity Section 30B(b)	$4,000 – $40,000 depending on vehicle weight and when purchased, additional $1,000 – $4,000 credit available based on fuel economy	Qualified vehicle purchased on or before 12/31/16
Indian country coal production tax credit Production tax credit for coal produced in facilities placed in service before 2009 from coal reserves that were owned by an Indian tribe, or held in trust by the United States for the benefit of an Indian tribe, on June 14, 2005 Section 45(e)(10)	Credit of $2.00 per ton of Indian coal produced	Produced through 2016 (with modifications removing the placed-in-service date limit, removing the nine-year limit, and allowing the credit to be claimed against AMT beginning in 2016)

Provision	Amount	Date applies through
Special timing rule for sales or dispositions to implement Federal Energy Regulatory Commission (FERC) or state restructuring policy Allows gain on sales of transmission property by vertically integrated electric utilities to FERC-approved independent transmission companies to be recognized ratably over an eight-year period, rather than recognizing the full amount of gain in the year of sale Section 451(i)		Sales or other dispositions before 1/1/17
10-percent credit for the purchase of qualifying electric motorcycles Section 30D(g)	Capped at $2,500 per qualifying vehicle.	After having expired at the end of 2013, the credit was reinstated for two-wheel (but not three-wheel) vehicles for 2015 and 2016.
Alternative tax rate on corporate timber gain Section 1201(b)	23.8-percent rate for corporations on portion of taxable income consisting of qualified timber gain (or, if less, net capital gain) for tax year	Tax years beginning in 2016



Provision	Amount	Date applies through
Exclusion of income from discharge of qualified principal residence indebtedness Excludes from gross income certain amounts from the discharge of indebtedness on qualified principal residence Section 108(a)(1)(E)	Applies to acquisition indebtedness up to certain amounts ($2 million maximum, $1 million if married filing separately)	Debt discharged before 1/1/17 (with a modification for discharges pursuant to a binding written agreement entered into before 1/1/17)
Deduction for mortgage interest premiums Treats premiums paid or accrued for qualified mortgage insurance in connection with acquisition indebtedness as qualified residence interest for purposes of interest deduction rules Section 163(h)(3)(E)	Amount treated as interest reduced ratably by 10% for each $1,000 by which the taxpayer's AGI exceeds $100,000 (with phase out thresholds for married individuals filing separately halved)	Amounts paid or accrued before 1/1/17 allocable to periods before such date
Above-the-line deduction for qualified tuition Allow certain individuals to deduct qualified tuition and related expenses, subject to limitations Section 222	$4,000 maximum for taxpayers with AGI not in excess of $65,000 ($130,000 for joint returns) or $2,000 for taxpayers with AGI not in excess of $80,000 ($160,000 for joint returns)	Tax years beginning before 1/1/17

Provision	Amount	Date applies through
Railroad track maintenance credit Credit for Class II and Class III railroads (generally, short-line and regional railroads) for maintaining railroad tracks that they own or lease Section 45G	50% of qualified railroad track maintenance expenditures (subject to dollar limit based on track mileage)	Expenditures paid or incurred in tax years beginning before 1/1/17
Temporary increase in limit on cover over of rum excise taxes to Puerto Rico and the Virgin Islands Cover over (payment) to Puerto Rico and Virgin Islands of excise tax on imported rum not to exceed $13.25 per gallon Section 7652(f)		Distilled spirits brought into United States before 1/1/17

