

## Highlights of the Tax Provisions in the Protecting Americans from Tax Hikes (PATH) Act of 2015 and the Consolidated Appropriations Act, 2016 (01/2016)

On December 18, Congress passed and the President signed into law the “Protecting Americans from Tax Hikes (PATH) Act of 2015” and the “Consolidated Appropriations Act, 2016,” funding the government and providing a number of significant tax changes.

The PATH Act retroactively extends the 50 or so taxpayer-favorable tax “extenders”—temporary tax provisions that are routinely extended by Congress on a one- or two-year basis that had been expired since the end of 2014. It made permanent more than a dozen individual and business extenders (including the enhanced child tax credit, American opportunity tax credit and earned income tax credit; parity for exclusion from income for employer-provided mass transit and parking benefits; the deduction of State and local general sales taxes; the research credit; and 15-year straight-line cost recovery for qualified leasehold improvements qualified restaurant buildings and improvements, and qualified retail improvements). It also contains a delay in the **Code Sec. 4191** 2.3% excise tax on medical devices and provisions on Real Estate Investment Trusts (REITs), IRS administration, the Tax Court, and miscellaneous other tax rules.

The tax provisions in the Consolidated Appropriations Act include: a delay of the **Code Sec. 49801** 40% excise tax on high cost employer-sponsored health coverage (i.e., the so-called “Cadillac” tax), a one-year suspension of the annual fee on health insurance providers, and the extension and phaseout of credits for wind facilities, the election to treat qualified facilities as energy property, the solar energy credit, and qualified solar electric & water heating property credits. That Act also contains a provision that gives independent oil refiners a favorable way of accounting for transportation costs in calculating their **Code Sec. 199** domestic production activities deduction.