



# TaxNewsFlash

## United States

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### Legislative update: Tax extenders, tax measures in Senate budget bill

The Senate is expected to vote today to consider a Senate substitute amendment—the Bipartisan Budget Act of 2018—to H.R. 1892.

The Senate amendment would provide funding for the federal government through March 23, 2018, and reflects a bipartisan agreement governing spending levels and a number of related budgetary matters for fiscal years 2018 and 2019.

#### Documents

- Read the Senate [substitute amendment](#) [PDF 1.4 MB]
- Read a [summary](#) [PDF 252 KB] of the amendment
- Read the estimated budgetary effects of the tax provisions of the amendment prepared by Joint Committee on Taxation: [JCX-4-18](#)
- Read [cost estimates](#) prepared by the Congressional Budget Office (CBO)

#### Tax extenders

The legislation contains a number of tax-related matters, including the extension of 33 “expiring provisions” (or “tax extenders”) that expired on December 31, 2016.

The legislation would extend **through 2017** the following (among other) provisions:

- Exclusion from gross income of discharge of indebtedness on qualified principal residence indebtedness
- Above-the-line deduction for qualified tuition and related expenses

- Mortgage insurance premiums treated as qualified residence interest
- Railroad track maintenance credit
- Special expensing rules for certain film, television, and theatrical productions
- Deduction for certain income attributable to domestic production activities in Puerto Rico
- Special rate for certain timber gain
- Certain incentives related to mine safety incentives
- Modified depreciation related to race horses and motorsport complexes
- Indian employment tax credit
- Empowerment zone tax incentives
- Credit for section 25C nonbusiness energy property
- Credit for residential energy-efficient property
- Alternative motor vehicle credit for qualified fuel cell motor vehicles
- Credit for alternative fuel vehicle refueling property
- Two-wheeled plug-in electric vehicles
- Second generation biofuel producers credit
- Production credit for Indian coal facilities
- Biodiesel and renewable diesel incentives
- Beginning-of-construction date for non-wind renewable power facilities eligible to claim the electricity production or investment credit in lieu of the production credit
- Credit for construction of energy-efficient new homes
- Energy-efficient commercial buildings deduction

### **Other tax measures**

Additionally, the legislation also contains other tax-related provisions. A number of these provisions had originally been included in various versions of the tax bill that ultimately became Pub. L. No. 115-97 (previously known as the *Tax Cut and Jobs Act* and signed into law on December 22, 2017) but had been removed from that bill prior to final passage for a variety of reasons.

Among these provisions are:

- Tax relief related to the California wildfires and Hurricanes Harvey, Irma and Maria
- Extension and phase-out of the section 48 energy investment credit (sunset December 31, 2021)
- Five-year cost recovery for certain energy property (sunset December 31, 2021)
- Extension of “Oil Spill Liability Trust Fund” (OSLTF) finance rate (sunset December 31, 2018)
- Modification of the credit for production from advanced nuclear power facilities
- Extension of a temporary increase in Puerto Rico and Virgin Islands rum cover over (sunset December 31, 2021)
- Individuals held harmless on improper levy on retirement plans
- Modification of user fee requirements for installment agreements

- Simplified filing requirements for individuals over age 65 years
- Provisions related to whistleblower awards
- Modification to limit the application of the excise tax on investment income of certain colleges and universities to institutions with at least 500 tuition-paying students
- Modification to private foundation excess business holding tax
- Simplification of rules regarding records, statements, and returns (through December 31, 2019)
- Modification of rules relating to certain hardship withdrawals
- All Puerto Rico low-income communities treated as qualified opportunity zone
- Treatment of foreign persons for returns relating to payments made in settlement of payment card and third-party network transactions
- Repeal of the 8% increase in requirement corporate estimated tax installments due in July, August or September of 2020 for corporations with assets of at least \$1 billion
- Enhancement of carbon dioxide sequestration credit

## Statement of Administration Policy

The administration in a Statement of Administration Policy released today indicated support for the bill but also indicated the concerns "...with future extensions of special interest tax deductions and benefits in the wake of tax cuts and reforms that were enacted in December 2017."

## What's next?

If the legislation is passed by the Senate today, the House would be expected to vote on the legislation later today. To avoid a partial government shutdown beginning tonight at midnight due to lack of appropriations, the legislation must be approved by both the House and Senate and signed by the president by the end of today, February 8, 2018.

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