

List of Tax Provisions Expiring in 2010

Bush Tax Cut (2001 and 2003) Provisions Scheduled to Expire on December 31, 2010

Major Individual Income Tax Provisions and Code Section

1. Increase of the size of 15 percent rate bracket for married filers to double that of unmarried filers (sec. 1(f)(8) and sec. 901 of Pub. L. No. 107-16).
2. Increase of the standard deduction for married filers to double that of unmarried filers (sec. 63(c)(2)(A) and sec. 901 of Pub. L. No. 107-16).
3. Reduced capital gain rates for individuals (secs. 1(h)(1)(B), 1(h)(1)(C), 55(b)(3)(B), 55(b)(3)(C), 57(a)(7), 1445(e)(1), 7518(g)(6)(A) and sec. 102 of Pub. L. No. 109-222).
4. Dividends of individuals taxed at capital gain rates (secs. 1(h)(11), 163(d)(4)(B), 854(a), 854(b) and 857(c) and sec. 102 of Pub. L. No. 109-222).
5. Ten percent individual income tax rate (sec. 1(i) and sec. 901 of Pub. L. No. 107-16).
6. Reduction in other individual income tax rates — size of 15 percent rate bracket modified to reflect 10 percent rate, and 28 percent, 31 percent, 36 percent and 39.6 percent rates are reduced to 25 percent, 28 percent, 33 percent and 35 percent, respectively (sec. 1(i)(2) and sec. 901 of Pub. L. No. 107-16).
7. Child credit — increase from \$500 to \$1,000, expand eligibility for refundable portion of the credit, AMT relief, provide that child credit not treated as income or resources for purposes of benefit or assistance programs financed in whole or in part with Federal funds (secs. 24(a) and (b)(3) and secs. 203 and 901 of Pub. L. No. 107-16).
8. Earned income tax credit ("EITC") - increase in the beginning point of the phase-out range for joint returns, modification of EITC treatment of amounts not includible in income, repeal of reduction of EITC for AMT liability, expansion of math error authority (secs. 32(b)(2), (c)(2)(A)(i), (h), and 6213(g)(2) and sec. 901 of Pub. L. No. 107-16).
9. Repeal of the personal exemptions phase-outs ("PEP") for high income taxpayers (sec. 151(d)(3)(F) and sec. 901 of Pub. L. No. 107-16).
10. Repeal of overall limitation on itemized deductions (the "Pease limitation") (sec. 68(g) and sec. 901 of Pub. L. No. 107-16).
11. Dependent care credit — increase of dollar limit on creditable expenses from \$2,400 to \$3,000 (\$4,800 to \$6,000 for two or more children), increase of applicable credit percentage from 30 to 35 percent, increase of beginning point of phase-out range from \$10,000 to \$15,000 (secs. 21(a)(2) and 21(c) and sec. 901 of Pub. L. No. 107-16).
12. Adoption credit and adoption assistance exclusion — increase to \$10,000 for maximum credit and maximum exclusion, special needs adoptions deemed to have \$10,000 eligible expenses for purposes of credit and exclusion, increase the beginning and ending points of phase-out range for credit and exclusion, the credit is allowed against AMT (secs. 23 and 137 and sec. 901 of Pub. L. No. 107-16).
13. Student loan interest deduction — increase and indexation for inflation of the phase-out ranges, repeal of the limit on the number of months that interest payments are deductible, repeal of the rule that voluntary payments of interest are not deductible (sec. 221 and sec. 901 of Pub. L. No. 107-16).
14. Education IRAs (Coverdell education savings accounts) — increase of maximum annual contribution from \$500 to \$2,000, expansion of definition of qualified education expenses, increase in the size of the phase-out range for married filers to double that of unmarried filers, provision of special needs beneficiary rules, contributions by corporations and other entities, and

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contributions until April 15th, permitted (secs. 530(b)(1), (b)(2), (b)(4), (c)(1), (d)(2) and sec. 901 of Pub. L. No. 107-16).

Estate Tax Provisions and Code Section

1. Modified carryover basis rules for property acquired from a decedent who dies during 2010 (secs. 1022, 1040, 6018, and 6716 and sec. 901 of Pub. L. No. 107-16).
2. Estate tax deduction for State death taxes paid (secs. 2011, 2053, 2058, 2102, 2106, and 2604 and sec. 901 of Pub. L. No. 107-16).
3. Expansion and clarification of estate tax conservation easement rules (secs. 2031(c)(2) and (c)(8)(A)(i) and sec. 901 of Pub. L. No. 107-16).
4. Temporary repeal of the estate and generation-skipping transfer taxes (secs. 2210 and 2664 and sec. 901 of Pub. L. No. 107-16).
5. Reduction in the maximum gift tax rate to 35 percent (sec. 2502 and sec. 901 of Pub. L. No. 107-16).
6. Treatment of certain transfers in trust as taxable gifts under section 2503 (sec. 2511(c) and sec. 901 of Pub. L. No. 107-16).
7. Repeal of the qualified family-owned business deduction (sec. 2057 and sec. 901 of Pub. L. No. 107-16).
8. Modifications to generation-skipping transfer tax rules regarding deemed allocations of exemption to certain transfers in trust, severing of trusts, valuation, and relief for late elections (secs. 2632(c) and 2642(a)(3), (b)(1) and (b)(2)(A) and sec. 901 of Pub. L. No. 107-16).
9. Modifications to estate tax installment payment rules (secs. 6166(b)(1)(B)(ii), (b)(1)(C)(ii), (b)(8)(B), (b)(9)(B)(iii)(I) and (b)(10) and sec. 901 of Pub. L. No. 107-16).

Other Tax Provisions and Code Section

1. Expand from 90 days to 120 days the postponement of certain tax-related deadlines in the case of Presidentially declared disasters (sec. 7508A(a) and sec. 901 of Pub. L. No. 107-16).
2. Credit for employer-provided child care (sec. 45F and sec. 901 of Pub. L. No. 107-16).
3. Elimination of tax on awards under the National Health Service Corps Scholarship Program and the F. Edward Hébert Armed Forces Health Professions Scholarship and Financial Assistance Program (sec. 117(c)(2) and sec. 901 of Pub. L. No. 107-16).
4. Employer-provided educational assistance — expansion to graduate education and making the exclusion permanent (sec. 127(c)(1) and sec. 901 of Pub. L. No. 107-16).
5. Tax-exempt bonds for educational facilities — increase in amount of bonds qualifying for small-issuer arbitrage rebate exception, expansion of tax-exempt bond treatment to public school facilities (secs. 142(a)(13) and (k), 148(f)(4)(D)(vii) and sec. 901 of Pub. L. No. 107-16).
6. Repeal of collapsible corporation rules (sec. 341 and sec. 102 of Pub. L. No. 109-222).
7. Modified tax treatment of electing Alaska Native Settlement Trusts and their beneficiaries (sec. 646 and sec. 901 of Pub. L. No. 107-16).

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Obama Stimulus Provisions Scheduled to Expire on December 31, 2010

Major Individual Income Tax Provisions and Code Sections

1. Making Work Pay credit (sec. 36A).
2. Refundable child credit floor amount (sec. 24(d)).
3. American Opportunity Tax credit (sec. 25A(i)).
4. Earned income tax credit: a. Credit percentage of 45 percent for three or more qualifying children (sec. 32(b)(3)(A)); b. Phase-out threshold for marriage penalty relief (sec. 32(b)(3)(B)).
5. Modification of AMT limitations on tax-exempt bonds (secs. 57(a)(5)(C)(vi) and 56(g)(4)(B)(iv)).

Other Provisions and Code Sections

1. Increase in dollar limitations for expensing to \$125,000/500,000 (indexed) (secs. 179(b)(1) and (2), (c)(2), and (d)(1)(A)(ii)).
2. Credit for certain nonbusiness energy property (sec. 25C(g)).
3. Alternative fuel vehicle refueling property (non-hydrogen refueling property) (sec. 30C(g)(2)).
4. Enhanced credit for health insurance costs of eligible individuals (sec. 35(a)).
5. Election of investment credit in lieu of production tax credit (sec. 48(a)(5)).
6. Grants for specified energy property in lieu of tax credits (sec. 48(d) and sec. 1603 of Pub. L. No. 111-5).
7. Work opportunity tax credit targeted group status for unemployed veterans and disconnected youth (sec. 51(d)(14)).
8. Qualified school construction bonds – allocation of bond authority (sec. 54F(c)(3)).
9. Authority to issue Build America Bonds (secs. 54AA(d)(1)(B) and 6431(a)).
10. Deferral and ratable inclusion of income from business debt discharged by reacquisition (sec. 108(i)).
11. Parity for exclusion from income for employer-provided mass transit and parking benefits (sec. 132(f)).
12. Expansion of availability of industrial development bonds to facilities manufacturing intangible property (sec. 144(a)(12)(C)).
13. Modification of small issuer exception to tax-exempt interest allocation rules for financial institutions (sec. 265(b)(3)(G)).
14. Computer technology and equipment allowed as a qualified higher-education expense for section 529 accounts (sec. 529(e)(3)(A)(iii)).
15. Special rules for qualified small business stock (sec. 1202(a)(3)).
16. Reduction in S corporation recognition period for built-in gains tax (sec. 1374(d)(7)).
17. Authority to issue recovery zone economic development bonds and facility bonds (secs. 1400U-2(b) and 1400U-3(b)).

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Other Tax Changes Scheduled to Expire on December 31, 2010

Energy Provisions

1. Alternative motor vehicle credit for advanced lean burn technology motor vehicles and qualified hybrid motor vehicles that are passenger automobiles or light trucks (sec. 30B(k)(2)).
2. Alternative motor vehicle credit for qualified alternative fuel vehicles (sec. 30B(k)(4)).
3. Alternative fuel vehicle refueling property — increase in credit rate and credit cap (sec. 30C(e)(6)).
4. Incentives for alcohol fuels: a. Alcohol fuels income tax credit (alcohol fuel, alcohol used to produce a qualified mixture, and small ethanol producers) (secs. 40(e)(1)(A), (h)(1), and (h)(2)); b. Alcohol fuel mixture excise tax credit and outlay payments (secs. 6426(b)(6) and 6427(e)(6)(A)).
5. Credit for energy efficient appliances (sec. 45M(b)).
6. Natural gas distribution lines treated as 15-year property (sec. 168(e)(3)(E)(viii)).

Housing Provisions

1. Qualified mortgage bonds for refinancing of subprime loans (sec. 143(k)(12)).
2. Volume cap increase and set-aside for private activity bonds for housing (secs. 146(d)(5) and (f)(6)).
3. Bonds guaranteed by Federal Home Loan banks eligible for treatment as tax-exempt bonds (sec. 149(b)(3)(A)(iv)).
4. Premiums for mortgage insurance deductible as interest that is qualified residence interest (sec. 163(h)(3)).

Other Provisions

1. Qualified zone academy bonds — allocation of bond authority (sec. 54E(c)(1)).
2. Exclusion from income for benefits provided to volunteer firefighters and emergency medical responders (sec. 139B).
3. Five-year amortization of music and music copyrights (sec. 167(g)(8)).
4. De minimis safe harbor exception for tax-exempt interest expense of financial institutions (secs. 265(b)(7) and 291(e)(1)(B)(iv)).

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