

CONGRESS PASSES TAX EXTENDERS BILL FOR 2014

President Obama signed into law H.R. 5771, the Tax Increase Prevention Act of 2014.) In general, the law extends through the end of calendar 2014 some fifty provisions of the Tax Code that expired at the end of 2013 or during 2014. Congress has extended many of the same provisions before, year by year. This bill does not make any of the provisions permanent, as had been proposed earlier. The extensions include provisions that affect both corporate and individual income taxes and the federal excise taxes on fuels.

The provisions of the extenders bill that are likely to have the most effect on at least some motor carriers are these (the section numbers are those of the bill):

Sec. 125. Extension of Bonus Depreciation. This provision extends the 50 percent bonus depreciation option for nearly all business equipment – including motor carrier rolling stock – placed into service during calendar 2014. (The section also extends taxpayers' option to accelerate the use of alternative minimum tax credits in lieu of bonus depreciation.) Given that many motor carriers have replaced older equipment during 2014, or are engaged in expanding their fleets, this section is likely to be the single most important extender for the industry.

Sec. 127. Extension of Increased Expensing. This provision extends the full expensing of property placed into service by small businesses, subject to the limitations in effect during 2010 through 2013. That is, the provision allows the write-off of up to \$500,000 of the expense of a single item of such property, with a progressive phase-out of the tax break for companies whose total purchases of such property exceed \$2 million. (Without the extension, these limits would have reverted to \$25,000 and \$200,000, respectively.)

Sec. 160. Extension of Fuel Tax Credit for Propane and Natural Gas. This provision extends the \$0.50 per gallon credit for the business use of propane and other alternative fuels (including natural gas) and fuel mixtures. The use of propane in forklifts qualifies for the credit.

Sec. 161. Extension of Credit for Alternative Fuel Vehicle Refueling. This provision extends the 30 percent investment tax credit for alternative vehicle refueling property.

The following provisions of the bill may also be of benefit to certain ATA members:

Sec. 122. Extension of 15-Year Cost Recovery. This provision extends to improvements to real property, including motor carrier terminals, placed into service during 2014, the accelerated 15-year straight-line depreciation that has been accorded such property for some time. Without this option, the cost of such property could only be recovered over a much longer period.

Secs. 136 & 138. Extension of exclusion of gains on small-business stock. The first provision extends the full exclusion from income accorded to the non-corporate holders of gains in certain small-business stock which the holders sell after having held the stock for more than five years. (Without the extension, the exclusion would revert to 50 percent.) The second extends the reduced period of five years for the nonrecognition of built-in gains which occurred when a traditional, subchapter C corporation was converted into a subchapter S (closely held) corporation. (Without the extension, the holding period would revert to ten years.) These provisions may apply to many smaller, family-held motor carriers.

Sec. 153. Extension of Bio- and Renewable Diesel Credits. This section extends the \$1 per gallon tax credit for biodiesel production.

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