

Appendix 1

SELECTED FEDERAL TAX PROVISIONS EXPIRING 2008-2010		
IRC Sec.	Provision	Expires on
Individual Tax Rates		
1(h)	Reduced capital gain rates and dividends taxed at capital gain rates.	12/31/10
1202(a)(3)	Acquisition date for Qualified Small Business Stock (QSBS) to qualify for 75% gain exclusion. Note: QSBS acquired after 2/17/09 and before 2011 is eligible for a 75% exclusion. Otherwise, a 50% gain exclusion generally applies.	12/31/10
Individual Deductions		
62(a)(2)(D)	Above-the-line deduction for certain expenses of elementary and secondary school teachers.	12/31/09
63(c)(7)	Additional standard deduction, up to \$500 (\$1,000 if MFJ) for state and local real property taxes.	12/31/09
164(b)(5)	Election to deduct state and local general sales taxes instead of state income tax.	12/31/09
164(b)(6)(G)	Deduction for state sales tax and excise tax on the purchase of motor vehicles.	12/31/09
163(h)(3)	Deduction of mortgage insurance premiums as qualified residence interest.	12/31/10
222(e)	Above-the-line deduction for qualified tuition and related expenses.	12/31/09
Retirement Plans and IRAs		
219(b)(5)(C)	Allowance of additional IRA contributions in certain bankruptcy cases.	12/31/09
401(a)(9)(H)	Waiver of 2009 minimum required distribution rules for IRAs and defined contribution plans.	12/31/09
408(d)(8)	Tax-free treatment of qualified charitable distributions from IRAs for individuals age 70½ or older.	12/31/09
Education Tax Benefits		
25A(i)	American opportunity credit. Note: After 2010, the American Opportunity credit will expire, but the Hope Scholarship credit, as in effect before 2009, is reinstated.	12/31/10
529(e)(3)	Computer technology and equipment treated as qualified higher education expense for Sec. 529 accounts (qualified tuition programs).	12/31/10
Tax Credits		
24(d)	\$3,000 threshold for determining the refundable portion of the child credit. Note: After 2010, the threshold returns to \$10,000 (indexed for inflation).	12/31/10
25C(g)	Personal energy property credit.	12/31/10
26(a)(2)	Ability to use nonrefundable personal credits against both regular tax and AMT. Note: After 2009, only the following nonrefundable credits will be allowed against both regular tax and AMT: (1) adoption expense credit, (2) alternative motor vehicle credit (nonbusiness portion), (3) American Opportunity (formerly Hope) education credit, (4) child tax credit, (5) plug-in electric vehicle credit (nonbusiness portion), (6) plug-in electric vehicle credit--low speed and 2- and 3-wheeled vehicles (nonbusiness portion), (7) retirement saver's credit and (8) residential energy efficient property credit.	12/31/09
30B(k)(2)	Alternative motor vehicle credit for advanced lean burn technology motor vehicles and qualified hybrid motor vehicles that are passenger automobiles or light trucks.	12/31/10 ¹
30B(k)(3)	Alternative motor vehicle credit for qualified hybrid motor vehicles other than passenger automobiles and light trucks.	12/31/09
30B(k)(4)	Alternative motor vehicle credit for qualified alternative fuel vehicles.	12/31/10
32(b)(3)	Increased (45%) earned income credit percentage for taxpayers with three or more qualifying children and increased phase-out threshold for MFJ filers. Note: After 2010, the credit percentage for taxpayers with three or more qualifying children will be the same as for those with two or more qualifying children and the phase-out threshold for MFJ status will be \$3,000 greater than for other taxpayers.	12/31/10
36(h)	First-time homebuyer credit.	11/30/09
36A	Making work pay credit.	12/31/10
41(h)(1)(B)	Research and experimentation expenses credit.	12/31/09
45D(f)(1)	New markets tax credit.	12/31/09
45L(g)	Credit for construction of new energy-efficient homes.	12/31/09
45M(b)	Energy-efficient appliances credit.	12/31/10
Sec. 2202 ²	Refundable credit of \$250 (\$500 for MFJ where both spouses are eligible individuals) for government retirees who are not covered by Social Security and weren't eligible to receive an economic recovery payment.	12/31/09
Alternative Minimum Tax		
55(d)(1)	Increased AMT exemption. Note: After 2009, amount is \$33,750 for Single or HOH, \$45,000 for MFJ or QW and \$22,500 for MFS.	12/31/09
56(g)(4), 57(a)(5)	Date for issuing private activity bonds whose interest will not be an AMT adjustment item or be added back to a corporation's adjusted current earnings (for computing corporate AMT).	12/31/10

Appendix 1 (Continued)

SELECTED FEDERAL TAX PROVISIONS EXPIRING 2008–2010 (Continued)		
IRC Sec	Provision	Expires on
Business Deductions and Business Property		
167(g)(8)	Five-year amortization of music and music copyrights.	12/31/10
168(e)(3)(B)	Five-year recovery period for farming business machinery and equipment.	12/31/09
168(e)(3)(E)	15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements.	12/31/09
168(i)(15)	Seven-year recovery period for motorsports entertainment complexes	12/31/09
168(j)(8)	Accelerated depreciation for business property on an Indian reservation.	12/31/09
168(k)(2)	Special depreciation allowance (50% of basis) for qualified property.	12/31/09 ¹
168(k)(4)	Election by corporations to accelerate AMT and research credits in lieu of special depreciation allowance.	12/31/09 ¹
179(b)(1)	Increased Section 179 deduction limit and qualifying property phase-out threshold—\$125,000 and \$500,000, respectively (indexed for inflation). Note: After 2010, the amounts are \$25,000 and \$200,000 (not indexed for inflation).	12/31/10
179(b)(7)	Increase in Section 179 deduction limit and qualifying property phase-out threshold to \$250,000 and \$800,000, respectively.	12/31/09
198(h)	Expensing of "brownfields" environmental remediation costs.	12/31/09
199(d)(7)	U.S. producer's (Section 199) deduction allowable for income attributable to production activities in Puerto Rico.	12/31/09
613A(c)(6)	Suspension of 100 percent-of-net-income limit on percentage depletion for oil and gas from marginal wells.	12/31/09
Charitable Contributions		
170(b)(3)	Suspension of percentage-of-AGI limit on deductions for certain contributions of food inventory by qualified farmers and ranchers.	12/31/08
170(e)(3)(C)	Enhanced charitable deduction for contributions of food inventory.	12/31/09
170(e)(3)(D)	Enhanced charitable deduction for contributions of book inventories to public schools.	12/31/09
170(e)(6)(G)	Enhanced charitable deduction for corporate contributions of computer equipment for educational purposes.	12/31/09
1367(a)	Basis adjustment equal to shareholder's share of property's adjusted basis when S corp makes charitable contributions of property.	12/31/09
Provisions for Employers		
45A(f)	Indian employment tax credit.	12/31/09
51(d)(14)	Work opportunity tax credit targeted group status for unemployed veterans and disconnected youth.	12/31/10
132(f)	Monthly exclusion for employer-provided mass transit and parking benefits equal to the amount excluded for employer-provided parking. Note: After 2010, the exclusion for mass transit parking benefits is \$100 (indexed for inflation).	12/31/10
3301(1)	FUTA surtax of 0.2 percent.	12/31/09
6432	Sixty-five percent subsidy for payment of COBRA health care coverage continuation premiums.	12/31/09
Income Exclusions		
85(c)	Exclusion of unemployment compensation benefits from gross income.	12/31/09
108(i)	Deferral and ratable inclusion of income from business debt discharged by reacquisition.	12/31/10
139B	Exclusion from income for benefits provided to volunteer firefighters and emergency medical responders.	12/31/10
Other Business Provisions		
1374(d)(7)	Seven-year recognition period for S corporation built-in gains tax. Note: After 2010, the recognition period is ten years.	12/31/10
6654(d)(1)	Reduced estimated tax payments for small businesses.	12/31/09
Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) Sunset Provisions		
Various	All EGTRRA provisions sunset on 12/31/10 except the following, which have been made permanent: (1) increased contributions to IRAs, (2) various increased qualified plan contribution and elective deferral limits and (3) various Qualified Tuition Program (Section 529 Plan) liberalization and expansion provisions. Significant provisions still scheduled to expire after 2010 include (1) the scheduled repeal of the estate and generation-skipping transfer taxes (these taxes are scheduled to be repealed only for 2010), (2) the increased child tax credit, (3) the expanded tax brackets and standard deduction for MFJ taxpayers, (4) the 10% tax bracket for individuals and (5) the reduced rates for the top four individual income tax brackets.	12/31/10
<p>Source: Joint Committee on Taxation's list of Expiring Federal Tax Provisions 2008–2020. This table is not all-inclusive. It covers tax provisions most likely to affect individuals and small businesses. The full list is available on the Joint Committee's website at www.jct.gov/x-20-09.pdf.</p> <p>¹ In addition to this expiration date, the provision begins to phase out over a one-year period beginning on the date the manufacturer has manufactured and sold at least 60,000 qualified vehicles.</p> <p>² Of the American Recovery and Reinvestment Act of 2009.</p> <p>³ December 31, 2010 for certain longer-lived and transportation property.</p>		