

## Tax Extenders Bill Passes at Year-End

By Robert W. Wood • Wood LLP

Year-end tax planning is stressful enough without Congress pulling an all-nighter. The battle over tax extenders was protracted, but in the end, the tax elves delivered. In the “Tax Increase Prevention Act of 2014” planners got another year of benefits that will impact 2014 returns and that altered year-end buying and selling. Among the important parts of the extenders law were these:

**Research Credit.** The research credit has been controversial and has not been free of difficulty. Yet this one doesn’t just mean test tubes and lab coats, covering 20 percent of certain types of payments, including wages. The extenders bill gives businesses one more year, so all of 2014 is covered. If you have a fiscal year and already filed for some parts of 2014, consider amended returns.

**Section 179 Expense.** Expensing up to \$500,000 in qualifying equipment is a great

benefit, particularly since the limit was set to plummet from \$500,000 down to \$25,000 until the extenders bill passed.

**Small Business Stock Gain.** Selling stock usually means capital gain. Selling stock and skipping taxes *entirely* would be nicer, and the new law allows that to continue for certain qualified small business stock acquired before Jan. 1, 2015. What’s more, none of the excluded gain is subject to the alternative minimum tax.

**S Corporation Built-In Gains.** To curtail C corporations electing S status and then selling assets or liquidating, there is a tax on S corporations that convert from C status and sell assets within 10 years. Some S corporations only face a five-year gauntlet, not 10. The new law extends this rollback for 2014.

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