

## INSIGHTS + NEWS

### 2015 Year End Tax Newsletter

BY SCOTT C. CASHMAN • JANUARY 20, 2016

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## 2015 YEAR END TAX NEWSLETTER

Just before recessing for the Holidays, the House and Senate passed and the President signed the Protecting Americans from Tax Hike Act of 2015 (PATH Act). Unlike recent year-end tax legislations which merely extended a long list of popular tax incentives, the PATH Act made many of these tax breaks permanent. Some of the more popular provisions are listed below.

### INDIVIDUALS

#### 1. *State and Local Sales Tax Deduction*

The election to claim an itemized deduction for state and local general sales taxes, in lieu of deducting state and local income taxes, expired after December 31, 2014. The PATH Act makes the election permanent.

This provision is particularly valuable to taxpayers who live in a state without an income tax as well as for taxpayers who make big ticket purchases during the year.

#### 2. *American Opportunity Tax Credit*

The American Opportunity Tax Credit, a popular education tax credit, was made permanent by the Act. The credit provides up to \$2,500 to help offset education costs subject to adjusted gross income (AGI) phase-out amounts of \$80,000 (single) and \$160,000 (married filing jointly).

This credit had been scheduled to expire after 2017 and now gives parents trying to fund college education costs some certainty with respect to the credit.

#### 3. *Teachers' Classroom Expense Deduction*

The PATH Act permanently extends the above-the-line deduction for elementary and secondary school teachers' classroom expenses. It also modifies the deduction by indexing the \$250 maximum deduction amount for inflation beginning in 2016. In tax years after 2015, professional development expenses are also now made part of the deduction.

#### 4. *Transit Benefits Parity*

The Act permanently extends parity among transit benefits, including van pool benefits, transit passes and qualified parking.

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ATTORNEYS

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Americans from Tax Hike Act of 2015 (PATH Act). Unlike recent year-end tax legislations which merely extended a long list of popular tax incentives, the PATH Act made many of these tax breaks permanent.

Which tax breaks will apply to you? Read about individual, business, energy and Massachusetts-specific deductions, credits and other incentives in the [Year End Tax Newsletter](#) by B&D's Tax Manager, [Scott Cashman](#).