



# TaxNewsFlash

## United States

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### Legislative update: Congress adjourns, “orphaned” expiring provisions not addressed

The 114th Congress has adjourned.

The Senate, prior to finishing its business, passed H.R. 5015, the *Combat-Injured Veterans Tax Fairness Act*—a bill that was passed by the House on December 5, 2016. Read [TaxNewsFlash-United States](#) on House passage. The bill will be on its way to the president’s desk.

#### “Orphaned” provisions

Congress, however, did not act to extend the almost 30 temporary tax incentives that generally will expire at the end of 2016. These incentives generally will not be available with respect to 2017 activity unless the next Congress acts to extend them.

The provisions that are generally scheduled to expire at the end of 2016 include:

- Exclusion of income from discharge of qualified principal residence indebtedness (with a special rule for discharges pursuant to a binding written agreement entered into before January 1, 2017)
- Treatment of premiums paid or accrued for qualified mortgage insurance in connection with acquisition indebtedness as qualified residence interest for purposes of interest deduction rules
- Shorter depreciation recovery periods for tangible property used predominantly in the active conduct of a trade or business (other than gaming) within an Indian reservation.

- General business credit for certain wages paid to a member of an Indian tribe (or the member's spouse) for services within an Indian reservation, while the employee lives on or near the reservation
- Nonbusiness energy property credit
- Credit for alternative fuel vehicle refueling property
- Second generation biofuel producer credit
- Incentives for biodiesel and renewable diesel
- Production credit for Indian coal facilities
- Production tax credit for certain renewable sources of electricity (for facilities for which construction has commenced by the end of 2016), including biomass, geothermal, landfill gas, and others
- Energy credit (other than the credits relating to wind and solar energy property)
- Credit for construction of new energy efficient homes
- Cellulosic biofuels bonus depreciation
- Energy efficient commercial buildings deduction
- Special rule for sales or dispositions relating to FERC or state electric restructuring policy for qualified electric utilities
- Credits relating to alternative fuels
- Credit for fuel cell motor vehicles
- Above-the-line deduction for qualified tuition
- General business credit for amounts paid for the maintenance of certain railroad track owned or leased by a Class II or Class III railroad in the United States
- General business credit allowed for certain training costs of a mine rescue team worker
- Authorization for credits for state or local qualified zone academy bonds used to support a school in an empowerment zone or enterprise zone
- Three-year depreciation recovery period for a race horse, regardless of its age when placed in service

- Seven-year depreciation recovery period for motorsports entertainment complexes, including land improvements, support facilities, and certain buildings used by the public in attending racing events
- Election to expense 50% of the cost of advanced mine safety training equipment in the year placed in service
- Election to expense up to \$15 million of the production costs of a film or television production in certain situations
- Deduction with respect to income attributable to domestic production activity in Puerto Rico
- Temporary increase in rum “cover over” limit
- American Samoa economic development credit
- A 10% credit for the purchase of two-wheel electric motorcycles
- A special 23.8% tax rate for certain timber gains of C corporations

## Next Congress

The 115th Congress is scheduled to convene on January 3, 2017. Although it is not certain, it is possible that the new Congress might resurrect some of the provisions that expire at the end of 2016 as part of tax legislation (such as tax reform). However, it is also possible that some of the provisions simply might remain expired.

- Read [KPMG report: Tax incentives scheduled to expire at end of 2016](#) [PDF 1 MB] for more information about the expiring provisions, including printable color charts listing key temporary federal tax incentives and their scheduled expiration dates
- Read [KPMG report: Understanding the tax reform process – FAQs and executive presentation](#) for more information about the possibility that the next Congress might address tax reform.
- Read more about potential tax reform on KPMG Institutes' *Outlook for U.S. Tax Reform* [webpage](#).

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