

## DEPRECIATION CHANGES FOR 2012

- Longer writeoff period for certain property. For specialized realty assets (qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property) placed in service after 2011, a 39-year (up from 15-year) writeoff period generally applies.
- Reduced bonus depreciation allowance for qualified property. For qualified property acquired and placed in service after 2011 and before 2013 (after 2012 and before 2014 for aircraft and certain long-production period property), a 50% (down from 100%) bonus first-year depreciation allowance applies under Code Sec. 168(k).
- Reduced expensing. For a tax year beginning in 2012, the Code Sec. 179 expensing election is reduced to \$139,000, with a \$560,000 investment-based ceiling (down from \$500,000/\$2 million). For tax years beginning after 2012, it will be further reduced to \$25,000 with a \$200,000 investment-based ceiling. Additionally for a tax year beginning after 2011, expensing can no longer be claimed for qualified real property.

## EXPIRED TAX PROVISIONS FOR 2012

- Income tax credits for biodiesel and renewable diesel under Code Sec. 40A
- Alternative fuel and fuel mixture tax credits under Code Sec. 6426(d)(5) and Code Sec. 6426(e)(3)
- Election for itemizers to deduct State and local general sales taxes under Code Sec. 164(b)(5) in lieu of a state and local income taxes
- Above-the-line deduction for qualified tuition and related expenses under Code Sec. 222
- Treatment of mortgage insurance premiums as qualified residence interest under Code Sec. 163(h)(3)(E)
- Above-the-line deduction for up to \$250 of certain expenses of elementary and secondary school teachers under Code Sec. 62
- Nonbusiness energy property credit under Code Sec. 25C
- Adoption assistance programs under Code Sec. 137
- Allowance of personal tax credits against regular tax and AMT under Code Sec. 26(a)(2)
- Exclusion of 100% of gain on certain small business stock under Code Sec. 1202(a)(4)
- Tax-free distributions (up to \$100,000 annually for taxpayers 70- 1/2 and older) from individual retirement plans for charitable purposes under Code Sec. 408(d)(8)
- Special rules to encourage contributions of capital gain real property for conservation purposes under Code Sec. 170(b)(1)(E) and Code Sec. 170(b)(2)(B)

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