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Highlights of 2016 Income Tax Law Changes

(from a tax forms perspective)





Topics

- Extensions
- Due Dates
- Refundable Credits
- Tuition Reporting
- New ITIN rules
- Sec. 179 Expensing
- ACA Update
- Other Changes

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Permanent Extensions

- Enhanced portions of credits
- Educator expenses
- Sales taxes
- Research Credit
- Tax-free distributions to charities from individual retirement plans





Temporary Extensions

- Bonus and other depreciation provisions
- Credits
- Discharge of principal residence debt
- Mortgage insurance premiums deductible
- Tuition and fees deduction
- Alternative fuel and energy efficiency
- Theatrical production expenses





Return Filing Due Dates

- Information returns reporting compensation (Forms W-2 and 1099-MISC)
- Partnership, C corporation, and S corporation returns (1065 and 1120 series)
- Individual returns (1040 series)





EITC, CTC, and AOTC

- Refund date limitation
- SSN for Earned Income Tax Credit (EITC)
- TIN for Child Tax Credit (CTC) and American Opportunity Tax Credit (AOTC)
- Expanded Due Diligence
- Taxpayers who made improper claims in prior years





Tuition Reporting

- Higher education information reporting of qualified tuition on Form 1098-T
- Employer Identification Number (EIN) from Form 1098-T reported on Form 8863





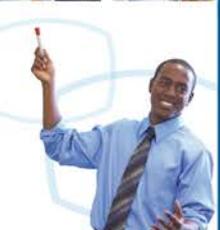
New ITIN Rules—Form W-7

- W-7 Applications can be submitted to IRS or Certified Acceptance Agents
- All Individual Taxpayer Identification Numbers (ITINs) issued before 2013 will expire, but can be renewed
- ITINs issued after 2012 will expire if not used, but can be renewed
- Original documentation or certified copies required



Section 179 Expensing

- \$500,000 limit and \$2M reduction threshold made permanent and indexed for inflation
- Allowance for depreciable software made permanent
- Now allowed for air conditioning and heating units
- Election may be revoked (but revocation is irrevocable)





ACA Update

- Individual Shared Responsibility Payment increases
- Health Insurance Marketplace Open Season November 1, 2016, to January 31, 2017

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Other Changes

- Wrongful incarceration payments
- Form 1040 Inflationary Items
- Alternative Minimum Tax (AMT)
- Form 8835
- Form 8839





Resources

- www.irs.gov/draftforms for early drafts of forms and instructions
- www.irs.gov/taxmap for tax research of forms, instructions, publications, articles, and pages on IRS.gov, all at once
- www.irs.gov/irc for the Internal Revenue Code and other guidance

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