Many popular but temporary tax incentives have been extended again by the Tax Increase Prevention Act of 2014 (the Act). This one-year retroactive extension allows you to claim individual and business tax incentives that expired on December 31, 2013 on your 2014 tax return.

Here are the highlights:

**Bonus Depreciation/Small Business Expensing**
The Act extends 50 percent bonus depreciation through 2014. Code Section 179 small business expensing is also extended through 2014 with a $500,000 expensing allowance and a $2 million investment limit. Without the new law, the expensing allowance was scheduled to plummet to $25,000 with a $200,000 investment limit.

**Research Tax Credit**
The Act extends through 2014 the incremental research tax credit, which expired after 2013. Commonly called the research or research and development credit, the incremental research credit may be claimed for increases in business-related qualified research expenditures and for increases in payments to universities and other qualified organizations for basic research.

**Work Opportunity Tax Credit**
The Act extends through 2014 the Work Opportunity Tax Credit (WOTC), which rewards employers that hire individuals from targeted groups with a tax credit. Under the revived WOTC, employers hiring an individual within a targeted group (generally, otherwise hard-to-employ workers) are eligible for a credit generally equal to 40 percent of first-year wages up to $6,000.

**Qualified Leasehold/Retail Improvements, Restaurant Property**
The Act extends through 2014 the 15-year recovery period for qualified leasehold improvements, qualified retail improvements and qualified restaurant property. The cost of nonresidential real property is generally recovered using the straight-line method of depreciation over a recovery period of 39 years. However, this incentive allows qualified leasehold improvement, restaurant and retail improvement property a reduced recovery period.

**Individual Extenders**
A number of individual tax incentives that were due to expire after 2013 are extended through 2014 under the Act. They include, among others:

- State and local sales tax deduction;
- Tuition and related expenses deduction;
- Teachers’ out-of-pocket classroom expenses deduction;
- Qualified charitable distributions from IRAs income exclusion;
- Mortgage debt forgiveness income exclusion; and
- Qualified energy efficiency improvements credit

The legislation also includes the Achieving a Better Life Experience (ABLE) Act, which creates tax-favored savings accounts for individuals with disabilities along with some tax-related offsets. The Tax Increase Prevention Act of 2014 has a significant impact on all taxpayers.