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ClientAdvisor

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Dear Clients & Friends,

Once again Congress passed sweeping tax legislation in late December. Fortunately, some of the legislation makes permanent changes to oft-extended tax provisions. However, not all the temporary laws were made permanent. This issue discusses some of the more popular tax laws. In addition to a quick look at 2016 key tax figures are recent changes that

impact Social Security, business expenses, and our new interest rate environment. As always, should you have any questions or concerns please contact us.

Thanks for your support.

PATH Act: Major Tax Law Changes

With the signing of the Protecting Americans from Tax Hikes (PATH) Act in mid-December 2015, Congress extended tax deductions and credits that had been scheduled to expire.

Here are several you can benefit from in 2015 and beyond.

■ **Child credit.** You can claim this \$1,000 tax credit for each qualifying dependent child who was under age 17 on December 31. The credit, which reduces your tax dollar-for-dollar, is partly refundable but phases out as your income rises. Previously set to expire in 2017, the credit is now permanent.

■ **Education benefits.** The expired above-the-line deduction for higher education tuition and related expenses was retroactively extended and is now available for both 2015 and 2016. In addition, the American Opportunity Tax Credit, an education credit of up to \$2,500, is now permanent. Both the deduction and the credit are subject to phase-outs as your income rises.

■ **State and local sales tax deduction.** If you itemize, you can choose to deduct either the amounts you paid during the year for state and local income

Everyday Advice

"Put not your trust in money, but put your money in trust."

— Oliver Wendell Holmes, Sr.

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