



January 14, 2026

Tax Provisions That Expired in 2025

Introduction

Several tax provisions expired in 2025 and may be considered for extension. This In Focus summarizes those provisions.

This summary does not include the energy credits that were terminated or had expiration dates moved forward by the FY2025 reconciliation law (P.L. 119-21). For a summary of these changes, see CRS Insight IN12625, *IRA Tax Credit Repeal in the FY2025 Reconciliation Law: Part 2*, by Nicholas E. Buffie. For further explanation of these energy provisions, see CRS Report R48611, *Tax Provisions in P.L. 119-21, the FY2025 Reconciliation Law*, coordinated by Anthony A. Cilluffo, Table 5.

Enhanced Premium Credits for the Affordable Care Act

Health insurance purchased on the exchanges under the Affordable Care Act (P.L. 111-148) allows credits for lower-income taxpayers so as to limit insurance costs as a percentage of income. Enhanced credits—that is, credits that were generally larger, and also applied to more households—were adopted by the American Rescue Plan Act (P.L. 117-2) and extended through 2025 by the FY2022 reconciliation law (P.L. 117-169). These increases in the credits expired at the end of 2025. These enhanced credits could be claimed by households earning above 400% of the federal poverty level, and they reduced enrollees' premiums from a maximum of 9.5% of income to 8.5%, with lower shares for enrollees with lower incomes. See CRS Report R48290, *Enhanced Premium Tax Credit and 2026 Exchange Premiums: Frequently Asked Questions*, by Bernadette Fernandez for further discussion.

Work Opportunity Tax Credit

The work opportunity tax credit (WOTC) was a nonrefundable wage credit intended to increase job opportunities for certain categories of disadvantaged individuals. The WOTC reduced the cost to employers of hiring specified groups of disadvantaged individuals. WOTC-eligible hires included members of families receiving Temporary Assistance to Needy Families (TANF) benefits, certain members of families receiving food stamp benefits, ex-felons, and certain veterans.

For most eligible hires that remained on a firm's payroll at least 400 hours, an employer could claim an income tax credit equal to 40% of wages paid during the worker's first year of employment, up to a statutory maximum. For most WOTC-eligible hires, the wage maximum was \$6,000, for a maximum credit of \$2,400. For eligible veterans, the maximum eligible wage varied between \$6,000 and \$24,000, depending on the veteran's characteristics and work history. Eligible summer youth hires' maximum wage

to which the credit could be applied was \$3,000. A credit equal to 25% of a qualified worker's wages was available for eligible hires that remain employed for at least 120 hours, but fewer than 400 hours. See CRS Committee Print CP10006, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2024*, by Jane G. Gravelle et al., p. 765 for further discussion.

S. 3265 and H.R. 6231 would extend the WOTC through the end of 2030, increase the credit rate from 40% to 50% of qualifying wages, and classify more individuals as qualifying hires.

Exclusion From Gross Income of Discharge of Indebtedness On Principal Residence

A forgiveness of debt is typically treated as income subject to taxation. Permanent provisions allow an exclusion from taxable income if the debt is discharged in a Title 11 bankruptcy or if the borrower is insolvent. Through 2025, an exclusion from taxable income was allowed in general for forgiveness up to \$750,000 (\$375,000 if married filing separately) of mortgage debt on a principal residence. See CRS In Focus IF11535, *The Tax Treatment of Canceled Mortgage Debt*, by Mark P. Keightley for further discussion.

Special Rule For Certain Discharges of Student Debt

As noted above, a forgiveness of debt is ordinarily treated as income subject to tax. Through 2025, all discharges of student loans could be excluded from taxable income. This provision expired for most income exclusions, although the FY2025 reconciliation law continued an exclusion for the death or permanent disability of the student debt holder. See CRS Committee Print CP10006, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2024*, by Jane G. Gravelle et al., p. 665 for further discussion.

Seven-Year Recovery for Motorsports Entertainment Complexes

An exception from the 39-year depreciation life for nonresidential structures existed for certain assets in motorsports entertainment complexes. A 7-year life applied to assets such as racetracks, grandstands, support facilities, ticket booths, and parking, but not to certain buildings. These classifications made these assets eligible for bonus depreciation wherein part of the investment could be deducted immediately (i.e., expensed). (Full expensing for eligible assets was adopted in the FY2025 reconciliation law, so an extension of this provision would allow all

investments to be deducted immediately.) The Motorsports Fairness and Permanency Act, S. 1763 and H.R. 2231, would make this provision permanent.

Special Expensing Rules For Certain Film, Television, Sound Recordings, and Live Theatrical Productions

Investments in film, television, sound recordings, and live theatrical productions are generally recovered using the income forecast method. Under this method, depreciation deductions are based on the pattern of expected earnings. The FY2025 reconciliation law allowed expensing of these assets under the general rules that include assets such as equipment.

The special rule for these assets allows certain investments to be deducted when incurred rather than when the asset is placed into service. Taxpayers could immediately deduct up to \$15 million of production costs (\$20 million for productions produced in certain low-income and distressed communities) in a given tax year. Eligible productions were limited to those in which at least 75% of the compensation paid was for services performed in the United States. Qualifying live theatrical productions were those generally performed in venues with an audience capacity of not more than 3,000 (or 6,500 for seasonal productions performed no more than 10 weeks annually). The provisions covered most theatrical productions. (The largest of the Broadway theatres has a seating capacity of less than 2,000.) The FY2025 reconciliation law made sound recordings eligible for write off, although this provision also expired after 2025. H.R. 4840 and S. 2530 would extend the provision through 2030, increase the dollar limits, and index them for inflation.

Deductibility of Employer de minimis Meals and Related Eating Facility, and Meals for the Convenience of the Employer

The Tax Cuts and Jobs Act denied deductions for certain meals provided to employees for the convenience of the

employer starting after December 31, 2025 (meaning that this restriction is just now being implemented). The FY2025 reconciliation law partially reversed this denial by allowing a narrower set of deductions. It allows a deduction for expenses related to goods or services sold for adequate and full value, such as an employee paying the same rate charged to the general public. Second, it allows a deduction for certain meals provided to crew members of a commercial vessel or an oil or gas platform or drilling rig. Third, it allows a deduction for meals provided on a fishing vessel, a fish processing vehicle, or a fish tender vessel, or in a fish processing facility located in rural Alaska.

Empowerment Zone Tax Incentives

Empowerment Zones are federally designated geographic areas characterized by high levels of poverty and economic distress. Empowerment Zones are eligible for two tax incentives: a 20% credit for the first \$15,000 of wages for zone residents employed in the zone and tax-exempt bond financing for certain zone related facilities, primarily qualified businesses. See CRS Committee Print CP10006, *Tax Expenditures: Compendium of Background Material on Individual Provisions — A Committee Print Prepared for the Senate Committee on the Budget, 2024*, by Jane G. Gravelle et al., p. 553 for additional details.

Oil Spill Liability Trust Fund Financing Rate

The Oil Spill Liability Trust Fund finances clean-up costs and compensation from oil spills. The trust fund is financed by an excise tax of 9 cents per barrel as well as recovered costs from responsible parties. See CRS In Focus IF13049, *The Oil Spill Liability Trust Fund Tax: Background and Selected Issues*, by Jonathan L. Ramseur for further background.

Jane G. Gravelle, Senior Specialist in Economic Policy

IF13154

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.