

Taxpayer Certainty and Disaster Tax Relief Act of 2020

Extension of Expiring Provisions

<i>Item</i>	<i>IRC §</i>	<i>Effective Date</i>	<i>QF Page</i> ¹	<i>New Law</i>	<i>Before Law Change</i>
Individual Deductions and Exclusions					
Cancellation of Debt (COD)—Mortgage Debt	108(a)(1)(E)	2021–2025 (or later with written binding agreement)	7-23	Individuals can exclude up to \$750,000 (\$375,000 for MFS) of COD income from qualified principal residence indebtedness that is canceled because of their financial condition or decline in value of the residence. Debt canceled after 12/31/25 qualifies if discharged pursuant to a written binding agreement entered into before 1/1/26.	Exclusion expired on 12/31/20; limit was \$2 million (\$1 million for MFS).
Medical Expense Deduction	213(a)	Tax years beginning after 12/31/20	5-1	The threshold for medical expense deductions, which was temporarily 7.5%-of-AGI through 2020, is made permanently 7.5%-of-AGI instead of 10%-of-AGI.	The threshold was 10%-of-AGI after 2020.
Mortgage Insurance Premiums Deduction	163(h)(3)(E)	2021	5-12	Taxpayers with AGI no greater than \$109,000 can treat qualified mortgage insurance premiums as home mortgage interest.	Deduction expired on 12/31/20.
Student Loan Payments By Employers Exclusion	127(c)(1)(B)	2021–2025	4-4, 17-4, K-11, Q-4	An employer may contribute up to \$5,250 annually toward an employee’s student loans, and the payment will be excluded from the employee’s income. The \$5,250 cap applies to both the student loan repayment benefit as well as other educational assistance (such as tuition, fees, and books) provided by the employer.	Exclusion expired for payments made after 12/31/20.
Tuition and Fees Deduction; Education Credits	25A; Former 222	Tax years beginning after 12/31/20	13-5, 12-10	The deduction is repealed. In addition, the different phaseout rules for the Section 25A education credits (Lifetime Learning and American Opportunity credits) are removed and replaced with a single phaseout beginning at \$80,000 (\$160,000 for MFJ).	Individuals could deduct up to \$4,000 of tuition and fees for qualified higher education expenses.
Volunteer Firefighters and Emergency Medical Responders Exclusion	139B	Tax years beginning after 12/31/20	—	For any member of a qualified volunteer emergency response organization, gross income does not include (1) any qualified state and local tax benefit (certain state or local tax relief provided for performing volunteer emergency response services) or (2) any qualified payment (payments provided by state or local governments on account of performing volunteer emergency response services). The exclusion may not exceed \$50 multiplied by the number of months during the year that the taxpayer provides services. This exclusion is made permanent.	Exclusion expired for tax years beginning after 2020.
Business Property					
Energy-Efficient Commercial Buildings Deduction	179D	Property placed in service after 12/31/20	O-10	A business can deduct, rather than capitalize and depreciate, all or part of the cost of energy efficient commercial building property. This provision is made permanent, engineering standards are updated, and inflation adjustments are provided for tax years beginning after 2020.	The deduction expired for property placed in service after 2020.
Film, Television, and Theatrical Productions	181(g)	Productions commencing in 2021–2025	—	Taxpayers may deduct up to \$15 million (\$20 million for certain areas) of the cost of a qualifying film, television, or theatrical production.	Provision expired for productions commencing after 2020.
¹ Numerical references are to the 2020 1040 Quickfinder® Handbook; alphanumeric references are to the 2020 Small Business Quickfinder® Handbook.					

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Business Property (Continued)					
Motorsports Entertainment Complexes	168(i)(15)(D)	Property placed in service in 2021–2025	—	The Act extends the seven-year recovery period for motorsports entertainment complexes to property placed in service during 2021–2025.	The seven-year recovery period expired for such complexes placed in service after 2020.
Qualified Indian Reservation Property	168(j)(9)	Property placed in service in 2021	—	The Act extends accelerated cost recovery for qualified Indian reservation property to property placed in service during 2021.	Accelerated cost recovery expired for such property placed in service after 2020.
Race Horses—3-Year Property	168(e)(3)	Property placed in service in 2021	J-2, 10-12	A race horse, regardless of age when placed in service, is treated as three-year property.	The three-year recovery period expired for race horses two years old or younger placed in service after 2020.
Tax Credits					
Alternative Fuel Vehicle Refueling Property Credit	30C(g)	Property placed in service in 2021	O-9	Certain alternative fuel vehicle refueling property qualifies for a credit. Business and personal-use property both qualify for the credit. The Act extends the credit through 2021.	Credit expired for property placed in service after 2020.
Alternative Motor Vehicle Credit	30B(b) and (k)	Vehicles purchased in 2021	11-6, O-9	The Act extends the credit for vehicles propelled by chemically combining oxygen with hydrogen and creating electricity (“fuel cell motor vehicles”).	Credit expired for vehicles purchased after 2020.
American Samoa Economic Development Credit	N/A	2021	—	Certain corporations in American Samoa may claim a credit against U.S. corporate income tax.	Credit expired for tax years beginning after 2020.
Biofuel Producer Credit	40(b)(6)	Production in 2021	O-6	Producers of second generation biofuel can claim a credit generally equal to \$1.01 for each gallon produced.	Credit expired for production after 2020.
Carbon Oxide Sequestration Credit	45Q(d)(1)	2024–2025	—	A credit is allowed for the sequestration using carbon capture equipment at a qualified facility and disposal in secure geological storage of qualified carbon oxide. The construction of a qualified facility must begin before 1/1/26.	Construction of a qualified facility had to begin before 1/1/24.
Electricity From Renewable Resources Credit	45(d)	2021	—	A credit is allowed for the production of electricity from qualified energy resources (such as wind and solar energy) at qualified facilities.	Credit expired on 12/31/20.
Employer Credit for Paid Family and Medical Leave	45S(i)	2021–2025	O-6	Eligible employers are allowed a credit of 12.5% of the amount of wages paid to qualifying employees who are on family and medical leave, if the employer pays 50% of the wages normally paid to the employee. The credit is increased by 0.25 percentage points (but not above 25%) for each percentage point the wages paid to the employee exceed 50% of the employee’s normal wages.	Credit expired for tax years beginning after 2020.
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Tax Credits (Continued)					
Energy Credit	48(a)	For property beginning construction before 2024 (before 2026 for qualified offshore wind facilities)	O-6	A credit is allowed for various types of equipment and property using certain energy sources (for example, solar, thermal, fuel cell) with respect to property, the construction of which begins before 2024 (2026 for qualified offshore wind facilities). Also, waste energy recovery property is added to the list of property that may qualify for the credit.	The credit for these types of property expired for periods ending after 2021, and waste energy recovery property was not eligible for the credit.
Excise Tax Credits for Certain Fuels	6426 6427	2021	—	Credits can offset excise taxes if certain alternative fuels or alternative fuel mixtures are sold, produced, or not used for taxable purposes.	Credits expired on 12/31/20.
Health Insurance Costs Credit	35(b)	2021	4-28	Eligible individuals may claim a refundable health coverage tax credit equal to 72.5% of the amount paid for qualified health insurance coverage of the individual and qualifying family members.	Credit expired on 12/31/20.
Indian Coal Production Credit	45(e)(10)	2021	—	Producers of Indian coal at Indian coal facilities may claim a credit during the 16-year period beginning on 1/1/06.	Credit expired on 12/31/20.
Indian Employment Credit	45A(f)	Tax years beginning in 2021	O-6	A 20% credit allowed for qualified wages and health insurance costs paid over a base amount to certain Indian tribe members or spouses.	Credit expired for tax years beginning after 2020.
Mine Rescue Team Training Credit	45N(e)	2021	—	Employers that train mine rescue teams may claim a credit equal to the lesser of 20% of eligible wages or \$10,000 per eligible employee.	Credit expired on 12/31/20.
New Energy Efficient Homes Credit	45L(g)	Homes acquired in 2021	O-10	A credit is available to the seller of homes that meet certain energy efficiency standards.	Credit expired on 12/31/20.
New Markets Credit	45D(f)	2021–2025	O-6	A credit is available for qualified equity investments in a Qualified Community Development Entity that has received a new markets credit allocation. For 2021–2025, the allocation is \$5 billion per year. Credit carryovers are permitted through 2030.	Credit expired on 12/31/20.
Personal Energy Efficient Property Credit	25C(g)	Property placed in service in 2021	12-13	A credit (subject to a \$500 lifetime cap) is available for qualified energy efficiency improvements and expenditures to a taxpayer's principal residence.	Credit expired on 12/31/20.
Railroad Track Maintenance Credit	45G	Tax years ending after 12/27/20	—	Class II and Class III railroads and certain assignees may claim a 50% credit for qualified railroad track maintenance expenditures. The credit is made permanent, but with a reduced rate of 40% for tax years beginning after 12/31/22.	Credit expired for tax years beginning after 12/31/22.
Residential Energy Efficient Property Credit	25D	2021–2023	12-13	A credit is allowed for 30% of expenditures for the following types of qualified property placed in service after 2016 and before 2020: solar electric, solar water heating, fuel cell, small wind energy, and geothermal heat pump, subject to certain limits. For expenditures paid or incurred in tax years beginning after 12/31/20, qualified biomass fuel property is added to the list with biomass stoves no longer qualifying for the credit under IRC Sec. 25C. The credit percentage decreases to 26% in 2020 and 22% in 2023. The credit does not apply to property placed in service after 2023.	The credit for expenditures for these types of property expired 12/31/21, the credit percentage decrease to 22% began in 2021, and biomass fuel property was not eligible for the credit.

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Two-Wheeled Plug-In Electric Vehicles Credit	30D(g)	Vehicles acquired in 2021	O-10	The Act extends the credit for electric motorcycles acquired in 2021.	Credit expired on 12/31/20.
Work Opportunity Credit	51(c)(4)	Workers who begin work in 2021–2025	O-6	A credit is available to employers that hire members of one or more targeted groups.	Credit expired for workers who began work after 2020.
Other Business Provisions					
Beer, Wine, and Distilled Spirits	Various	post-2020	—	The reductions of certain excise taxes related to beer, wine, and distilled spirits are made permanent.	Provisions expired after 2020.
Black Lung Disability Trust Fund Excise Tax	4121(e)(2)	2021	—	An excise tax is imposed at an increased rate on coal mined from underground or surface mines located in the U.S. and sold or used by the producer.	Increased rate expired after 2020.
Controlled Foreign Corporations	954(c)(6)	Tax years beginning in 2021–2025	—	Look-through treatment is provided for payments of dividends, interest, rents, and royalties between related controlled foreign corporations.	Provision expired for tax years beginning after 2020.
Empowerment Zone Tax Incentives	1391(d)(1)	Tax years beginning in 2021–2025	O-6	The Empowerment Zone designation is available through 12/31/25; therefore, certain tax incentives for such areas, including the Section 1396 wage credit, are available. Caution: The provisions providing increased Section 179 expensing for qualified zone property (IRC Sec. 1397A) and nonrecognition of gain on rollover of empowerment zone assets (IRC Sec. 1397B) were not extended beyond 2020.	The availability of the Empowerment Zone designation expired 12/31/20.
Oil Spill Liability Trust Fund Rate	4611(f)(2)	2021–2025	—	An environmental excise tax on crude oil received at U.S. refineries and on certain imported petroleum products is imposed at a rate of nine cents per barrel.	Provision expired after 2020.
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