

This roadmap provides a summary of the Taxpayer Certainty and Disaster Tax Relief Act of 2020, which is Division EE of the [Consolidated Appropriations Act, 2021](#). It was prepared by Bloomberg Tax & Accounting staff and was last updated on December 30, 2020.

For coverage of the COVID-related Tax Relief Act of 2020 (i.e., Division N, Title II, Subtitle B of the Consolidated Appropriations Act, 2021), see the [Federal Tax & Accounting Coronavirus Roadmap](#). For comprehensive information on the tax implications of COVID-19, see the Bloomberg Tax & Accounting [Coronavirus Tax Watch](#).

Topic	Treatment	Related Content
<p>Medical Expense Deduction Floor</p>	<p>Returns the medical expense deduction floor to 7.5% of adjusted gross income.</p> <p>The Affordable Care Act raised the threshold to 10% of AGI so that, for 2013 through 2017, individuals under age 65 could claim an itemized deduction for unreimbursed medical expenses only to the extent that those expenses exceeded 10% of AGI, while the threshold remained 7.5% of AGI for individuals age 65 and older. The threshold was scheduled to increase to and remain at 10% for all taxpayers, but Congress temporarily restored the 7.5% threshold for everyone first for 2017 and 2018, then for 2019 and 2020, before making the change permanent.</p> <p>Applies to tax years beginning after December 31, 2020.</p> <p>Authorities</p> <p>IRC §213; Taxpayer Certainty and Disaster Tax Relief Act §101</p>	<p>513 T.M., III.A.</p>

Topic	Treatment	Related Content
Energy Efficient Commercial Buildings Deduction	<p>The energy-efficient commercial buildings deduction is made permanent, using updated American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Reference Standards for tax years beginning after December 31, 2020.</p> <p>The maximum deduction amount is adjusted annually for inflation for tax years beginning after December 31, 2020.</p> <p>Authorities</p> <p>IRC §179D; Taxpayer Certainty and Disaster Tax Relief Act §102</p>	<p>512 T.M., V.</p>
Benefits Provided to Volunteer Fire Fighters and Emergency Medical Responders	<p>The exclusion from income of certain benefits provided to members of a qualified volunteer emergency response organization that provides firefighting or emergency medical services is further extended for tax years beginning after December 31, 2020.</p> <p>Authorities</p> <p>IRC §139B; Taxpayer Certainty and Disaster Tax Relief Act §103</p>	<p>501 T.M., VIII.F.7.</p> <p>392 T.M., Worksheet 4</p>
Transition from Tuition Deduction to Increased Income Limit on Lifetime Learning Credit	<p>The deduction for qualified tuition and related expenses is repealed.</p> <p>The income limitations on the Lifetime Learning Credit are increased. The phaseout will begin at modified adjusted gross income of \$80,000 (\$160,000 for joint returns). These amounts will not be adjusted for inflation.</p> <p>Applies to tax years beginning after December 31, 2020.</p> <p>Authorities</p> <p>IRC §222 (repealed), §25A(d); Taxpayer Certainty and Disaster Tax Relief Act §104</p>	<p>517 T.M., V.C.</p>
Railroad Track Maintenance Credit	<p>The railroad track maintenance credit is made permanent, and the credit rate is lowered from 50% to 40% for tax years beginning after December 31, 2022.</p> <p>Authorities</p> <p>IRC §45G; Taxpayer Certainty and Disaster Tax Relief Act §105</p>	<p>506 T.M., VI.D.</p>

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Topic	Treatment	Related Content
Beer, Wine, and Distilled Spirits	<p>Reduces the excise tax rate on beer, wine, and distilled spirits removed after December 31, 2020; allows beer to be transferred tax-free between bonded facilities, subject to regulations; increases the threshold alcohol content level for the application of excise tax rates; and provides that IRC §5212 applies to distilled spirits – regardless of whether they are bulk distilled spirits – if they are transferred in bond from the person who distilled or processed the distilled spirits to another person for bottling or storage of the distilled spirits and returned to the transferor for removal.</p> <p>The reduced excise tax rates do not apply to smuggled or illegally produced beer, wine, and distilled spirits.</p> <p>Minimum processing requirements apply for distilled spirits to qualify for the reduced excise tax rates.</p> <p>Under a modified single taxpayer rule, two or more entities that produce beer, wine, or distilled spirits under a license are treated as a single taxpayer.</p> <p>Authorities</p> <p>IRC §5001(c), §5041(b), §5041(c), §5051(a), §5212, §5214(a)(14), §5414, §5067, §5555(a), §6611(e); Taxpayer Certainty and Disaster Tax Relief Act §106, §108, §109, §110</p>	Federal EXTN at 1
Refund in Lieu of Reduced Excise Tax Rates for Foreign Production	<p>Allows a refund in lieu of reduced excise tax rates for beer, wine, and distilled spirits produced outside the United States and imported into the United States, if the wine, beer, or distilled spirits are removed after December 31, 2022.</p> <p>Information reporting is required with respect to assignment of lower rates or refunds by foreign producers of beer, wine, and distilled spirits.</p> <p>Authorities</p> <p>IRC §5001(c), §5041(c), §5051(a), §6038E, §7652(i); Taxpayer Certainty and Disaster Tax Relief Act §107</p>	Federal EXTN at 1

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Topic	Treatment	Related Content
<p>Production Period of Beer, Wine, and Distilled Spirits for Interest Capitalization Purposes</p>	<p>Eliminates the sunset provision of prior law that allowed beer, wine, and distilled spirits manufacturers to exclude the aging period of such products from the production period for purposes of the uniform capitalization rules requiring the capitalization of interest expense incurred during the production period for self-created assets. The exclusion is now of indefinite duration (prior law permitted exclusion of the aging period only for interest costs incurred before December 31, 2020).</p> <p>Authorities</p> <p>IRC §263A(f)(4); Taxpayer Certainty and Disaster Tax Relief Act §106(a)</p>	<p>576 T.M., V.D.2.</p>
<p>New Markets Tax Credit</p>	<p>Provides \$5 billion in new markets tax credit limitation for each of the next five calendar years (2021 through 2025). No amount may be carried over to a calendar year after 2030.</p> <p>Authorities</p> <p>IRC §45D; Taxpayer Certainty and Disaster Tax Relief Act §112</p>	<p>585 T.M., I.</p>
<p>Work Opportunity Credit</p>	<p>The work opportunity credit is extended for another five years, to apply to wages paid or incurred to an individual who begins work for the employer on or before December 31, 2025.</p> <p>Authorities</p> <p>IRC §51(c)(4); Taxpayer Certainty and Disaster Tax Relief Act §113</p>	<p>373 T.M., X.A. 514 T.M., IV.A.</p>
<p>Discharge (Cancellation) of Qualified Principal Residence Indebtedness</p>	<p>Extends the exclusion from gross income of qualified principal residence indebtedness discharged (forgiven) through December 31, 2025 (previously set to expire December 31, 2020).</p> <p>Lowers the maximum amount of discharged (forgiven) indebtedness excludible from income to \$750,000 (\$375,000 for a married person filing a separate return).</p> <p>Authorities</p> <p>IRC §108(a)(1)(E), §108(h); Taxpayer Certainty and Disaster Tax Relief Act §114</p>	<p>592 T.M., VIII.A.2.b.</p>

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Topic	Treatment	Related Content
7-Year Recovery Period for Motorsports Entertainment Complexes	<p>Extends for five additional years, through December 31, 2025, the 7-year recovery period for motorsports entertainment complexes.</p> <p>Authorities IRC §168(i)(15); Taxpayer Certainty and Disaster Tax Relief Act §115</p>	<p>531 T.M., V.D.</p>
Expensing of Qualified Film, Television, and Live Theater Productions	<p>Extends for five additional years, through December 31, 2025, the election to expense qualified film production, qualified television production, and qualified live theatrical production costs.</p> <p>Authorities IRC §181; Taxpayer Certainty and Disaster Tax Relief Act §116</p>	<p>599 T.M., XI.C.</p>
Oil Spill Liability Trust Fund Rate	<p>Extends for five additional years, through December 31, 2025, the Oil Spill Liability Trust Fund financing rate.</p> <p>Authorities IRC §4611(f); Taxpayer Certainty and Disaster Tax Relief Act §117</p>	<p>512 T.M., III.H.</p>
Empowerment Zones	<p>Extends empowerment zone designations (and, thus, the tax incentives applicable to empowerment zones) for five additional years, through December 31, 2025.</p> <p>However, the IRC §1397A increased expensing under IRC §179 and the IRC §1397B nonrecognition of gain on the rollover of empowerment zone investments will expire on December 31, 2020.</p> <p>Authorities IRC §1391–§1397B; Taxpayer Certainty and Disaster Tax Relief Act §118</p>	<p>597 T.M., II.B.</p>
Employer Credit for Paid Family and Medical Leave	<p>Extends the general business credit for wages paid to qualifying employees while they are on family and medical leave through December 31, 2025. The credit had been set to expire on December 31, 2020.</p> <p>Authorities IRC §45S; Taxpayer Certainty and Disaster Tax Relief Act §119</p>	<p>336 T.M., II.E. 514 T.M., IV.J.</p>

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Topic	Treatment	Related Content
Exclusion for Employer Payments of Student Loans	<p>Extends the exclusion from income for certain employer payments of principal or interest on a qualified education loan to payments made before January 1, 2026 (i.e., a five-year extension).</p> <p>Authorities</p> <p>IRC §127(c)(1); Taxpayer Certainty and Disaster Tax Relief Act §120</p>	<p>394 T.M., III.A.2.</p> <p>482 T.M., VIII.C.</p>
Carbon Oxide Sequestration Credit	<p>Extends the carbon oxide sequestration credit for two additional years, through December 31, 2025.</p> <p>Authorities</p> <p>IRC §45Q(d)(1); Taxpayer Certainty and Disaster Tax Relief Act §121</p>	<p>512 T.M. VI.G.</p>
Renewable Electricity Production Tax Credit	<p>Extends the renewable electricity production credit, but only for electricity produced from renewable sources at one of the following types of facilities, the construction of which began on or before December 31, 2021: wind facilities, closed-loop biomass facilities, open-loop biomass facilities, geothermal energy facilities, landfill gas facilities, trash facilities, qualified hydropower facilities, and marine and hydrokinetic renewable energy facilities.</p> <p>Extends for one year, through December 31, 2021, the availability of the election to treat certain “qualified facilities” (for purposes of the renewable electricity production credit) as “energy property,” i.e., the election to take the investment tax credit instead of the renewable electricity production tax credit.</p> <p>Authorities</p> <p>IRC §45, §48(a)(5)(C)(iii); Taxpayer Certainty and Disaster Tax Relief Act §131</p>	<p>512 T.M., III.F.</p>
Energy Credit (Investment Tax Credit)	<p>Makes waste energy recovery property eligible for the energy credit component of the investment tax credit (sometimes referred to as the energy investment tax credit), effective for 2021 through 2023. Waste energy recovery property generates electricity from the heat from buildings or equipment.</p> <p>Extends for four additional years the energy credit for electing offshore wind facilities, to facilities that begin construction through 2025 (previously applicable to facilities that begin construction through 2021).</p>	<p>512 T.M., III.A.</p>

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Topic	Treatment	Related Content
	<p>Extends by two additional years the phaseout of the energy credit for solar energy, fiber-optic solar, qualified fuel cell, and qualified small wind energy property.</p> <p>Authorities IRC §48; Taxpayer Certainty and Disaster Tax Relief Act §203, §204, §132</p>	
<p>Mortgage Insurance Premiums</p>	<p>Extends for one additional year, through December 31, 2021, the treatment of mortgage insurance premiums as deductible qualified residence interest.</p> <p>Authorities IRC §163(h)(2)(D), §163(h)(3); Taxpayer Certainty and Disaster Tax Relief Act §133</p>	<p>594 T.M., II.D.</p>
<p>Health Coverage Tax Credit</p>	<p>Provides an additional one-year extension for the health coverage tax credit (HCTC) through 2021. The refundable credit equal to 72.5% of the premiums paid by certain individuals for coverage of the individual and qualifying family members under qualified health insurance was scheduled to expire at the end of 2020.</p> <p>Applies to months beginning after December 31, 2020.</p> <p>Authorities IRC §35; Taxpayer Certainty and Disaster Tax Relief Act §134</p>	<p>389 T.M., XXIII.A.</p>
<p>Indian Employment Credit</p>	<p>Extends for one additional year, through December 31, 2021, the Indian employment credit.</p> <p>Authorities IRC §45A; Taxpayer Certainty and Disaster Tax Relief Act §135</p>	<p>615 T.M., VII.A.</p>
<p>Mine Rescue Team Training Credit</p>	<p>Extends for one additional year, through December 31, 2021, the mine rescue team training credit.</p> <p>Authorities IRC §45N; Taxpayer Certainty and Disaster Tax Relief Act §136</p>	<p>603 T.M., XVIII.D.</p>

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Topic	Treatment	Related Content
<p>Depreciation of Race Horses</p>	<p>Extends for one additional year, through December 31, 2021, the classification of race horses as 3-year property.</p> <p>Authorities</p> <p>IRC §168(e)(3)(A)(i); Taxpayer Certainty and Disaster Tax Relief Act §137</p>	<p>531 T.M., V.B.4.</p>
<p>Depreciation of Business Property on Indian Reservations</p>	<p>Extends for one additional year the accelerated depreciation for business property used on an Indian reservation. As a result, the recovery period of business property placed in service before January 1, 2021, and used on an Indian reservation is shortened as follows:</p> <ul style="list-style-type: none"> • 3-year property is recovered over 2 years; • 5-year property is recovered over 3 years; • 7-year property is recovered over 4 years; • 10-year property is recovered over 6 years; • 15-year property is recovered over 9 years; • 20-year property is recovered over 12 years; • Nonresidential real property is recovered over 22 years <p>Authorities</p> <p>IRC §168(j); Taxpayer Certainty and Disaster Tax Relief Act §138</p>	<p>615 T.M., VII.B.</p>
<p>American Samoa Economic Development Credit</p>	<p>Extends for one additional year, through December 31, 2021, the American Samoa Economic Development Credit enacted by the Tax Relief and Health Care Act of 2006.</p> <p>Authorities</p> <p>Taxpayer Certainty and Disaster Tax Relief Act §139</p>	<p>N/A</p>
<p>Second Generation Biofuel Producer Credit</p>	<p>Extends for one additional year, through December 31, 2021, the second generation biofuel producer credit.</p> <p>Authorities</p> <p>IRC §40(b)(6); Taxpayer Certainty and Disaster Tax Relief Act §140</p>	<p>512 T.M., III.B.2.b.</p>

Topic	Treatment	Related Content
Nonbusiness Energy Property Credit	Extends for one additional year, through December 31, 2021, the nonbusiness energy property credit. Authorities IRC §25C; Taxpayer Certainty and Disaster Tax Relief Act §141	512 T.M., VI.A.
Qualified Fuel Cell Motor Vehicle Credit	Extends for one additional year, through December 31, 2021, the qualified fuel cell motor vehicle credit. Authorities IRC §30B; Taxpayer Certainty and Disaster Tax Relief Act §142	512 T.M., VI.D.
Alternative Fuel Refueling Property Credit	Extends for one additional year, through December 31, 2021, the alternative fuel vehicle refueling property credit. Authorities IRC §30C; Taxpayer Certainty and Disaster Tax Relief Act §143	512 T.M., VI.E.
2-Wheeled Plug-In Electric Vehicle Credit	Extends for one additional year, through December 31, 2021, the two-wheeled plug-in electric vehicle credit. Authorities IRC §30D; Taxpayer Certainty and Disaster Tax Relief Act §144	512 T.M., VI.F.4.
Indian Coal Production Credit	Extends for one additional year, through December 31, 2021, the production credit for Indian coal facilities. Authorities IRC §45(e)(10); Taxpayer Certainty and Disaster Tax Relief Act §145	615 T.M., VII.C.
Energy-Efficient Homes Credit	Extends for one additional year, through December 31, 2021, the energy-efficient homes credit. Authorities IRC §45L; Taxpayer Certainty and Disaster Tax Relief Act §146	512 T.M., VI.C.

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Topic	Treatment	Related Content
<p>Alternative Fuel Excise Tax Credits</p>	<p>Extends for one additional year, through December 31, 2021, the alternative fuel excise tax credit and the alternative fuel mixture excise tax credit.</p> <p>Authorities</p> <p>IRC §6426(d), §6426(e), Taxpayer Certainty and Disaster Tax Relief Act §147</p>	<p>512 T.M., III.D.</p>
<p>Residential Energy-Efficient Property Credit</p>	<p>Extends for two additional years, through December 31, 2023, the residential energy-efficient property credit.</p> <p>Adds qualified biomass fuel property expenditures to the types of expenditures that qualify for the credit, effective for qualified biomass fuel property expenditures paid or incurred after December 31, 2020.</p> <p>Authorities</p> <p>IRC §25D; Taxpayer Certainty and Disaster Tax Relief Act §148</p>	<p>594 T.M., VI.A.2.</p>
<p>Black Lung Disability Trust Fund Excise Tax</p>	<p>Extends for one additional year, through December 31, 2021, the temporary increase in the black lung disability trust fund excise tax rate.</p> <p>Authorities</p> <p>IRC §4121; Taxpayer Certainty and Disaster Tax Relief Act §149</p>	<p>603 T.M., XV.</p>

Topic	Treatment	Related Content
<p>Low-Income Housing Tax Credit</p>	<p>Establishes a 4% minimum credit rate for calculating credits related to acquisitions and housing bond-financed developments for purposes of the low-income housing tax credit, effective beginning in 2021.</p> <p>Provides additional housing credit allocations for qualified disaster zones by increasing the state housing credit ceiling for 2021 and 2022 by the aggregate low-income housing credit amount allocated by the state housing credit agency to buildings located in a qualified disaster zone. For 2021, the allocation is the lesser of \$3.50 multiplied by the number of residents in qualified disaster zones or 65% of the state’s 2020 credit allocation, and unused credits may be carried over to 2022.</p> <p>Provides eligible buildings a one-year extension of the placed-in-service deadline and 10% test deadline.</p> <p>See also Qualified Disaster Area</p> <p>Authorities IRC §42; Taxpayer Certainty and Disaster Tax Relief Act §201, §305</p>	<p>584 T.M., I.C.</p> <p>584 T.M., I.E.</p> <p>584 T.M., II.D.</p>
<p>Depreciation of Certain Residential Rental Property</p>	<p>Clarifies that the Alternative Depreciation System (ADS) recovery period of residential real property held by an electing real property trade or business and placed in service before January 1, 2018, to 30 years.</p> <p>Authorities IRC §168(g)(2)(C); Taxpayer Certainty and Disaster Tax Relief Act §202</p>	<p>531 T.M., V.M.3.</p>

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Topic	Treatment	Related Content
<p>Minimum Interest Rate for Certain Determinations Related to Life Insurance Contracts</p>	<p>For purposes of the cash value accumulation test, the applicable accumulation test minimum rate is the lesser of 4% or the “insurance interest rate” in effect at the time the contract is issued. The insurance interest rate is defined as lesser of the IRC §7702 valuation interest rate or IRC §7702 applicable federal interest rate for the calendar year. The minimum rate for purposes of the guideline premium requirements is the applicable accumulation test minimum rate plus 2%, and certain minimum rates for determining guideline level premiums are amended by replacing 4% with the applicable accumulation test minimum rate and by replacing 6% with the applicable guideline premium minimum rate.</p> <p>Authorities IRC §7702(b)(2)(A); §7702(c)(4); Taxpayer Certainty and Disaster Tax Relief Act §205</p>	<p>528 T.M., II.B.</p>
<p>Employee Retention Credit</p>	<p>Treats the 2020 qualified disaster employee retention credit as a general business credit for employers who conducted an active trade or business in a qualified disaster zone at any time during the incident period if the trade or business is inoperable at any time during the incident period through December 27, 2020 due to damage sustained by reason of that qualified disaster.</p> <p>For purposes of this treatment, the credit is an amount equal to 40% of the qualified wages with respect to each eligible employee, up to \$6,000 of wages for any individual, for the tax year. Generally, no double benefit is permitted; the wages cannot also be counted for other credits.</p> <p>Adds a similar credit against employment tax for certain tax-exempt organizations. The customer, not the certified professional employer organization, may claim the credit. Failure to deposit penalties must be waived for failures due to the anticipation of the credit allowed.</p> <p>For further discussion of amendments related to these employee retention credits, see the Payroll – Federal Provisions – Coronavirus Roadmap.</p> <p>Authorities IRC §38(b), §3511(d), §6656; CARES Act §2301; Taxpayer Certainty and Disaster Tax Relief Act §303</p>	<p>506 T.M., VI.A. 597 T.M., IV.CC. 392 T.M., II.A.9.</p>

Topic	Treatment	Related Content
Minimum Age for Distributions During Working Retirement	<p>Allows certain multiemployer plans primarily covering workers in the building and construction industry to make in-service distributions to participants who have attained age 55 and are not separated from employment, if they were participants in the plan on or before April 30, 2013.</p> <p>Applicable to distributions made before, on, or after December 27, 2020.</p> <p>Authorities</p> <p>IRC §401(a)(36); Taxpayer Certainty and Disaster Tax Relief Act §208</p>	<p>351 T.M., II.B.3.</p> <p>370 T.M., III.K.</p>
Rules Preventing Partial Plan Termination	<p>Provides a temporary rule preventing partial termination under IRC §411(d)(3) during any plan year that includes the period beginning on March 13, 2020, and ending March 31, 2021, if the number of active participants covered by the plan on March 31, 2021 is at least 80% of the active participant count on March 13, 2020.</p> <p>Authorities</p> <p>IRC §411(d)(3); Taxpayer Certainty and Disaster Tax Relief Act §209</p>	<p>357 T.M., XIII.</p>
Deduction for Business Meals	<p>Provides that the 50% deduction disallowance for meal expenses does not apply to expenses for food and beverages provided by a restaurant if the expense is paid or incurred in 2021 and 2022.</p> <p>Authorities</p> <p>IRC §274(n)(2); Taxpayer Certainty and Disaster Tax Relief Act §210</p>	<p>520 T.M., II.E.2.a.3.</p> <p>394 T.M., II.B.</p>
Determination of Earned Income for Purposes of Refundable Child Tax Credit and Earned Income Tax Credit	<p>For purposes of the refundable child tax credit and the earned income credit, if a taxpayer's 2020 earned income is less than the taxpayer's 2019 earned income, the taxpayer may elect to determine the refundable child tax credit and earned income tax credit by substituting 2019 earned income for 2020 earned income.</p> <p>Authorities</p> <p>IRC §24(d), §32; Taxpayer Certainty and Disaster Tax Relief Act §211</p>	<p>513 T.M., III.K.</p>
Charitable Contribution Deduction	<p>Extends through 2021 the \$300 (\$600 for joint return filers) above-the-line charitable contribution deduction for qualified contributions made by non-itemizers.</p>	<p>597 T.M., IV.W.</p>

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Topic	Treatment	Related Content
	<p>Extends the temporary charitable contribution limit provided in the CARES Act; for 2020 and 2021 only, the limitation for deductible cash contributions to a public charity is increased from 60% to 100%.</p> <p>Authorities</p> <p>IRC §170; Taxpayer Certainty and Disaster Tax Relief Act §212, §213</p>	
<p>Disaster Relief Contributions Made by Corporations</p>	<p>Modifies the CARES Act’s modification of the charitable contribution limits for 2020 to allow corporations to make qualified disaster relief contributions of up to 100% of their taxable income.</p> <p>See also Qualified Disaster Area</p> <p>Authorities</p> <p>IRC §170; Taxpayer Certainty and Disaster Tax Relief Act §304(a)</p>	<p>597 T.M., IV.W.</p>
<p>Disaster-related Personal Casualty Losses</p>	<p>Permits individuals who have a net disaster loss (excess of qualified disaster-related personal casualty losses over personal casualty gains) to increase their standard deduction amount by the amount of the net disaster loss. The \$100 per-casualty floor is increased to \$500.</p> <p>The portion of the standard deduction attributable to the increase (by the amount of the net disaster loss) is allowed for both regular tax and AMT.</p> <p>See also Qualified Disaster Area</p> <p>Authorities</p> <p>IRC §165(h), §63(c), §56(b)(1)(D); Taxpayer Certainty and Disaster Tax Relief Act §304(b)</p>	<p>527 T.M., V.D.2.b.</p> <p>597 T.M., IV.V.</p> <p>587 T.M., II.B.10.</p>

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Topic	Treatment	Related Content
<p>Health and Dependent Care Flexible Spending Arrangements</p>	<p>Allows plans that include a health flexible spending arrangement (FSA) or a dependent care FSA to continue to be treated as cafeteria plans when they permit:</p> <ul style="list-style-type: none"> • The FSA to carryover unused benefits up to the full annual amount from the plan year ending in 2020 to the plan year ending in 2021, and the plan year ending in 2021 to the plan year ending in 2022; • Extension of the grace period for unused benefits or contributions for a plan year ending in 2020 or 2021 to 12 months after the end of the plan year; • An employee to make a prospective change in election amounts for plan years ending in 2021 without a status change. <p>A plan that includes a health FSA may allow an employee who ends participation in the plan during calendar year 2020 or 2021 to continue to receive reimbursements from unused benefits or contributions through the end of that plan year, including any grace period.</p> <p>Plans may extend the maximum age of eligible dependents from 12 to 13 for dependent care FSAs for the 2020 plan year, and unused amounts from the 2020 plan year may be carried over into the 2021 plan year.</p> <p>The plan may be amended retroactively. The amendment must be adopted by the last day of the first calendar year beginning after the end of the plan year in which it is effective. Operation of the plan must be consistent with the terms of the amendment from the effective date to the date of adoption.</p> <p>Authorities</p> <p>IRC §21(b), §125; Taxpayer Certainty and Disaster Tax Relief Act §214</p>	<p>397 T.M., III.E., IV.F.</p> <p>513 T.M., III.D.</p>

Topic	Treatment	Related Content
<p>Qualified Disaster Area</p>	<p>Defines a qualified disaster area for purposes of the disaster tax relief provisions as any area where a major, non-COVID-19 related disaster was declared by the President under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, from January 1, 2020 through 60 days after enactment of this Act (February 25, 2021), and for which the incident period does not begin before December 28, 2019.</p> <p>Authorities</p> <p>Taxpayer Certainty and Disaster Tax Relief Act §301</p>	<p>370 T.M., VIII.E.</p>
<p>Special Disaster-related Rules for Use of Retirement Funds</p>	<p>Distributions</p> <p>Qualified disaster distributions are not subject to the 10% additional tax on early distributions. The total amount of distributions received by an individual from all plans, annuities, and IRAs is capped at \$100,000 (minus any previous 2020 qualified disaster distributions). Disaster distributions are taxable but may be included in the taxable income of the individual over a three-year period, unless the individual elects to include the amount in the current year. An individual may repay a qualified disaster distribution to a plan or IRA over a three-year period to avoid including the amount in income. Mandatory withholding rules do not apply to 2020 qualified disaster distributions, and plan administrators must treat 2020 disaster distribution repayments as eligible rollover distributions for non-IRA plans, and as §408(d)(3) rollover distribution for IRA plans, that were transferred in direct trustee-to-trustee transfers within 60 days of distribution.</p> <p>Recontribution of withdrawals for home purchases</p> <p>Individuals may recontribute a qualified distribution from an eligible plan originally taken to purchase or construct a principal home in a disaster area if the home purchase or construction was not finalized because of the disaster. Withdrawals received within 180 days before the first day of the incident period, and 30 days after the last day of the incident period, for the specific disaster are excluded from income, exempt from the 10% additional tax on early withdrawals, and treated like rollover amounts if recontributed during the 180 days after the date of enactment (June 25, 2021).</p>	<p>370 T.M., VIII.E.</p>

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Topic	Treatment	Related Content
	<p>Loans</p> <p>Loans from qualified employer plans up to \$100,000 (increased from \$50,000) are permitted in the 180 days beginning on the date of enactment (December 27, 2020 through June 24, 2021). The full present value of the nonforfeitable accrued benefit of the employee under the plan, instead of half, is used in applying the dollar amount exception to treatment of the loan as a taxable deemed distribution. For outstanding loans on December 28, 2019, if the due date for any repayment due under the 5-year or level amortization rules occurs during the period beginning on the first day of the incident period (December 28, 2019), and ending 180 days after the date of enactment (June 25, 2021), the due date is suspended for one year. Any subsequent repayments are adjusted to reflect the delay and any interest accruing during the delay, and the period of the delay is disregarded in determining the 5-year period and the term of the loan. The loan repayments must resume after the end of the suspension period, and the term of the loan may be extended by up to one year from the original repayment date. If a qualified employer plan suspends loan repayments during the suspension period, the suspension will not cause the loan to be deemed distributed even if, due solely to the suspension, the term of the loan is extended beyond 5 years.</p> <p>Plan amendments</p> <p>Qualified plans or annuity contracts may be amended retroactively to comply with the Act. Plan amendments are required on or before the last day of the first plan year beginning on or after January 1, 2022 (January 1, 2024 for governmental plans), or a later date if Treasury provides one. Amendments necessary to retain a plan’s qualified status may be made retroactively effective as of the date on which the change became effective with respect to the plan, and the plan must be operated in compliance until the amendment is made. Other amendments to the plan made pursuant to these legislative changes (or subsequent regulations) may be made retroactively effective as of the first day the plan is operated in accordance with the amendment.</p> <p>Authorities</p> <p>IRC §72(p), §72(t), §7508A; Taxpayer Certainty and Disaster Tax Relief Act §302</p>	

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Topic	Treatment	Related Content
<p>Look-Thru Rule for Related Controlled Foreign Corporations</p>	<p>Extends the look-through rule for related CFCs under §954(c)(6), to taxable years beginning after December 31, 2005, and before January 1, 2026, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.</p> <p>Authorities</p> <p>IRC §954(c)(6); Taxpayer Certainty and Disaster Tax Relief Act §111</p>	<p>6220 T.M., V.F.</p>