Expiring Tax Provisions

Tax Provision	IRC §	Provision expires after
ABLE accounts – allowed to accept rollovers from 529 plans.	529A	2025
ABLE accounts – designated beneficiary can contribute additional amounts to the account and claim the saver's credit.	25B	2025
Alternative fuel excise tax credit.	6426(d)	2020
Alternative fuel vehicle refueling property credit.	30C	2020
Alternative motor vehicle credit for qualified fuel cell motor vehicles.	30B(k)(1)	2020
AMT increased exemption amounts and phase-out ranges.	55(d)	2025
Bicycle commuting reimbursement exclusion repeal.	132(f)	2025
Biodiesel and renewable diesel fuels credit.	40A	2022
Bonus depreciation, other than long production period property and certain aircraft.	168(k)	2026
Bonus depreciation for long production period property and certain aircraft.	168(k)	2027
Business interest expense adjusted taxable income limit increased from 30% to 50%.	163(j)	2020
Cancellation of qualified principal residence indebtedness exclusion from gross income.	108	2020
Casualty and theft loss deductible as an itemized deduction only if loss is attributable to a federally declared disaster area.	165	2025
Charitable contribution AGI limit increase from 50% to 60%.	170	2025
Charitable contribution AGI limit increase from 60% to 100%.	170	2020
Charitable contribution up to $300 added to standard deduction.	170	2020
Child Tax Credit increase to $2,000 and new $500 Credit for Other Dependents.	24	2025
De minimis meals, related eating facilities, and meals for the convenience of employer limit decreased from 100% to 50% (no deduction is allowed after December 31, 2025).	274(o)	2025
Educational assistance program to include student loan interest paid.	127	2020
Electric vehicle credit for highway-capable 2-wheeled vehicles.	30D	2020
Employee retention credit.	PL 116-136	2020
Employer credit for paid family and medical leave.	45S	2020
Empowerment zone tax incentives.	1391(d)	2020
Energy efficient commercial building property deduction.	179D	2020
Energy efficient home credit.	45L	2020
Estate and gift tax exemption amount increased to $10 million.	2010	2025
Gambling loss limitation for professional gamblers includes all IRC section 162 business expenses.	165(d)	2025
Health coverage tax credit.	35	2020
Heavy vehicle excise tax.	4051	9/30/2022
Home mortgage interest deduction—acquisition debt limit reduced to $750,000 and home equity debt interest not deductible.	163(h)	2025
Indian employment credit.	45A	2020
Indian reservation property accelerated depreciation recovery periods.	168(j)	2020
Itemized deduction overall limitation suspended.	68	2025
Limitation on excess business loss suspension.	461(l)	2020
Medical expense AGI limitation threshold reduced from 10% to 7.5% of AGI for all taxpayers for regular tax and for AMT purposes.	213	2020
Miscellaneous itemized deductions subject to the 2% AGI limit no longer deductible.	67	2025
Mortgage insurance premiums deduction.	163	2020
Moving expenses deduction and moving expense reimbursement exclusion is only allowed for military members who move pursuant to a military order.	217 & 132(g)	2025
Net operating loss 5-year carry back and suspension of 80% limit.	172	2020
New markets tax credit.	45D	2020
Nonbusiness energy property credit.	25C	2020
Personal exemption suspension.	151	2025
Qualified business income 20% deduction.	199A	2025
Race horse two years old or younger treated as 3-year property instead of 7-year property.	168(e)(3)	2020
Required minimum distribution suspension.	401	2020
Residential energy efficient property credit.	25D	2021
Retirement plan distributions, recontributions, and loan relief for coronavirus-related distributions.	72	2020

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Expiring Tax Provisions

Tax Provision	IRC §	Provision expires after
Second generation biofuel producer credit.	40(b)(6)	2020
Standard deduction increase.	63	2025
State and local property taxes plus income taxes (or sales taxes) limited to $10,000 as itemized deductions.	164	2025
Student loan debt discharge excluded from gross income due to death or disability.	108	2025
Tax credits for paid sick and family leave due to COVID-19.	PL 116-127	2020
Tax rate reduction for individuals, estates, and trusts.	1	2025
Tuition and fees deduction.	222	2020
Work opportunity credit.	51	2020

What's New — Individuals

Tax Provision	*New Law*	*Prior Law*
	Income	
Educational Assistance See page 2-10	Effective for payments made after March 27, 2020 and before January 1, 2021, employers can pay the principal or interest of an employee's qualified education loan and exclude the benefit from the employee's taxable income.	Employers can provide up to $5,250 of educational assistance to an employee to help pay for tuition, books, and supplies and exclude the benefit from the employee's taxable income.
	Deductions	
Charitable Contributions See page 2-6	Effective for 2020, up to $300 of qualified charitable contributions are deductible as above-the-line deductions in calculating AGI without the taxpayer having to itemize deductions. For taxpayers who itemize, the 60% AGI limitation for cash contributions is increased to 100%.	Taxpayers must itemize deductions to claim charitable contributions. Cash contributions to public charities are generally limited to 60% of AGI. Noncash contributions are limited to 50% of AGI. A 30% AGI limitation applies for donations to certain non-AGI limit organizations and capital gain property to AGI-limit organizations. A 20% AGI limitation applies to noncash donations of capital gain property to non-AGI limit organizations.
Medical Expenses See page 2-8	Effective for distributions from HSAs and Archer MSAs for amounts paid after December 31, 2019, and reimbursements from Health FSAs and HRAs for expenses incurred after December 31, 2019, qualified medical expenses are no longer limited to those medicines and drugs that are prescribed by a physician. Thus all medicines and drugs can be reimbursed tax free without a prescription or recommendation by a physician. Over-the-counter medicines and drugs include amounts paid for menstrual care products, such as tampons, pads, liners, cups, sponges, or similar products used by individuals with respect to menstruation or other genital-tract secretions.	Medicine and drugs are treated as medical expenses deductible as itemized deductions only if the medicine or drug is a prescribed drug or insulin. The term prescribed drug means a drug or biological that requires a prescription of a physician for its use by an individual. Thus, any amount paid for a medicine or drug available without a prescription (over-the-counter medicine) is not deductible as a medical expense, even if the medicine or drug is prescribed or recommended by a physician (except for insulin). A slightly different definition of qualified medical expense applies for purposes of Health FSAs, HSAs, Archer MSAs, and HRAs. These health reimbursement plans can reimburse the cost of an over-the-counter medicine tax free if the over-the-counter medicine is prescribed by a physician, or the drug is insulin.
	Credits	
Economic Impact Payments See page 2-2	Effective for 2020, individuals qualify for up to $1,200 and married couples qualify for up to $2,400, plus an additional $500 for each qualifying child, as a refundable tax credit on the 2020 tax return. A qualifying child is defined the same as a qualifying child for the Child Tax Credit (dependent child under age 17). Dependents claimed on someone else's return do not qualify for the credit. The credit begins to phase-out for AGI that exceeds $150,000 for taxpayers filing a joint return, $112,500 for taxpayers filing as head of household, and $75,000 for all others. The 2020 refundable credit is reduced by any Economic Impact Payment that was received in advance during 2020 based upon the taxpayer's 2018 or 2019 tax return, or based upon Social Security or Railroad Retirement benefits received. If the economic impact payment received exceeds the 2020 credit allowed (for example, AGI increases during 2020 or a dependent turns age 17 during 2020), the taxpayer is not required to repay the excess amount.	The Economic Stimulus Act of 2008 provided taxpayers with an economic stimulus payment of up to $600 ($1,200 MFJ), plus $300 per qualifying child, based upon information on the 2007 tax return. A refundable recovery rebate credit was allowed on the 2008 tax return for taxpayers who did not receive an economic stimulus payment, or taxpayers who qualified for a higher amount based on the taxpayer's 2008 tax return in comparison to the payment received based on the 2007 return.

What's New — Individuals

Tax Provision	New Law	Prior Law
	Other Taxes	
Retirement Plan Distributions, Recontributions, and Loans See page 5-2	In the case of a "coronavirus-related distribution" made on or after January 1, 2020, and before December 31, 2020, the following provisions apply: • Distributions from the plan are included in taxable income ratably over three years, beginning with the year of distribution. • The 10% early withdrawal penalty does not apply. • Taxpayers may recontribution any portion of the distribution during the three-year period beginning the day after the date on which the distribution was received and treat it as a tax-free rollover. • Maximum loan amounts are increased and repayment due dates are delayed one year.	In general, the following tax rules apply to qualified retirement plans, tax-sheltered annuity plans, and IRAs: • A distribution from the plan is included in taxable income for the year of distribution. • Unless an exception applies, if a distribution is received before age 59½, it is also subject to a 10% early withdrawal penalty on the taxable portion of the distribution. • Taxpayers may roll over eligible retirement plan distributions within 60 days, tax-free, to another eligible retirement plan. • Employer-sponsored qualified retirement plans may permit participants to take out loans from their plan, provided certain conditions are met.
Required Minimum Distribution (RMD) Rules See page 5-3	Under the CARES Act, no minimum distribution is required for calendar year 2020 from an IRA, or from an employer-provided qualified retirement plan that is a defined contribution plan. The next RMDs will be for calendar year 2021. This provision waives the 2020 RMD rules for lifetime distributions to employees and IRA owners and for after-death distributions to beneficiaries.	Under the SECURE Act, RMDs from qualified retirement plans and IRAs generally must begin by April 1 of the calendar year following the calendar year in which the individual reaches age 72, effective for distributions required to be made after December 31, 2019. Prior to January 1, 2020, the age after which RMDs were required to begin was 70½.
Repeal of Maximum Age for Traditional IRA Contributions See page 5-4	Effective for tax years beginning after 2019, the age 70½ maximum age limitation for making deductible traditional IRA contributions no longer applies. Thus, taxpayers of any age can make deductible contributions provided all of the other IRA contribution rules are met.	Prior to 2020, taxpayers who had attained age 70½ were prohibited from making contributions to their traditional IRAs.

What's New — Business

Tax Provision	New Law	Prior Law
	Income	
Paycheck Protection Program See page 3-2	The Paycheck Protection Program is a Small Business Administration loan to employers to help keep their employees on the payroll while their business is shut down due to COVID-19. The loan is forgiven if at least 60% of the proceeds are used for payroll costs and no more than 40% are used for interest on mortgage obligations, rent, or utilities during the period beginning on the loan's origination date and ending on the earlier of either 24 weeks after the loan's origination date, or December 31, 2020. Any amount that would be includible in gross income by reason of debt forgiveness is excluded from gross income provided certain requirements for use of the loan proceeds are met. Amounts excluded from gross income are considered a class of exempt income under IRC section 265. Any otherwise allowable deduction is disallowed to the extent such expense is allocable to tax-exempt income.	Loans that are forgiven are generally taxable income for the borrower of the loan, unless one of the special exceptions applies, such as debt forgiveness due to the taxpayer being insolvent.

Tax Provision	New Law	Prior Law
	Deductions	
Research and Experimental Expenditures	Effective for 2022, research and experimental expenditures are required to be capitalized and amortized over a 5-year period. Research conducted outside the U.S. require 15-year amortization. Computer software development is defined in the Code as research or experimental expenditures. If the property is retired, abandoned, or disposed of with respect to which research and experimental expenditures were paid or incurred, the costs must continue to be amortized over the remaining amortization period.	Business expenses associated with the development or creation of an asset having a useful life extending beyond the current year are generally capitalized and depreciated over the useful life of the asset. An election is available to deduct currently the amount of research or experimentation expenditures paid in connection with a trade or business. Taxpayers can choose to forgo a current deduction, capitalize the costs, and amortize them over a period of not less than 60 months. Costs incurred in the development of computer software has been ruled to be research expenditures.
Net Operating Loss (NOL) Carrybacks See page 4-2	For an NOL occurring in any tax year beginning after December 31, 2017, and before January 1, 2021, an NOL must be carried back to each of the five tax years preceding the tax year of the NOL. The taxpayer can make an irrevocable election to relinquish the carryback period for an NOL for any tax year and thus only carry the NOL forward. An NOL deduction for the tax year equals the aggregate of the NOL carryovers and carrybacks to the tax year (no 80% limit).	Prior to the Tax Cuts and Jobs Act (TCJA), in general, an NOL could be carried back two years and carried forward up to 20 years. Effective for NOLs occurring after December 31, 2017, TCJA repealed the 2-year carryback provision, with certain exceptions for farming and casualty insurance companies. NOL carryovers were limited to 80% of taxable income for the year in which it was carried to, and could be carried forward indefinitely until used up.
Bonus Depreciation for Qualified Improvement Property See page 4-4	Qualified improvement property placed in service by the taxpayer after December 31, 2017, is 15-year property and thus is eligible for bonus depreciation. The tax law change is retroactive as if it was included in the TCJA.	Prior to the Tax Cuts and Jobs Act (TCJA), qualified improvement property was classified as a specified type of property eligible for bonus depreciation. Although Congress intended to treat qualified improvement property as eligible for bonus depreciation, the TCJA eliminated qualified improvement property placed in service after December 31, 2017, as a specified category of qualified property, and amended IRC section 168(e) to eliminate the 15-year MACRS property classification for qualified leasehold improvement property, qualified restaurant property, and qualified retail improvement property.
Limitation on Excess Business Losses See page 4-6	The limitation on excess business losses of a taxpayer other than a C corporation does not apply for tax years beginning in 2018, 2019, or 2020.	The Tax Cuts and Jobs Act (TCJA) introduced a new limitation on deducting business losses for tax years beginning after December 31, 2017 and before January 1, 2026. This limitation applies to all excess business losses of a taxpayer other than a C corporation. Excess business losses are not allowed for the tax year of loss. Instead, they are carried forward and treated as part of the taxpayer's net operating loss (NOL), subject to the NOL rules and carryover limitations. An excess business loss is equal to: 1) The aggregate deductions attributable to the trades or businesses of the taxpayer for the year, determined without regard to whether or not such deductions are disallowed under this limitation, over 2) The sum of aggregate income or gain attributable to such trades or businesses of the taxpayer for the year, plus the threshold amount of $250,000 ($500,000 MFJ).
Business Interest Expense Deduction See page 4-7	Effective for tax years beginning in 2019 and 2020 only, the 30% ATI limitation is increased to 50% of ATI.	Effective starting in 2018, the Tax Cuts and Jobs Act (TCJA) amended the business interest expense deduction rules for taxpayers with average annual gross receipts in excess of $25 million. The deduction is limited to the sum of: 1) Business interest income for the tax year, 2) 30% of the adjusted taxable income (ATI) of the taxpayer for the tax year (but not below zero), and 3) The floor plan financing interest of the taxpayer for the tax year.

What's New — Business

Tax Provision	New Law	Prior Law
	Taxes	
Delay of Payment of Employer Payroll Taxes See page 3-3	For the period beginning on March 27, 2020 and ending before January 1, 2021, 50% of the applicable employment taxes required to be deposited may be deferred until December 31, 2021, and the remaining 50% of the applicable employment taxes required to be deposited may be deferred until December 31, 2022. Self-employed individuals may defer payment of 50% of their Social Security portion of the SE tax liability until December 31, 2021, with the remaining 50% deferred until December 31, 2022.	Employers withhold Social Security taxes from employee wages and generally deposit these taxes along with the employer's portion of Social Security taxes on a quarterly, monthly, or semi-weekly schedule. Self-employed individuals generally pay SE taxes through quarterly estimated tax payments.
	Credits	
Tax Credits for Paid Sick And Family Leave See page 3-5	For the pay period beginning April 1, 2020 and ending December 31, 2020, employers with fewer than 500 employees are required to provide employees with up to two weeks of paid sick leave, and up to 10 weeks of paid family leave. Paid sick leave and family leave must be for reasons when an employee is unable to work due to COVID-19. Paid family leave must be to care for a child whose school is closed due to COVID-19. The employer is entitled to reimbursement from the federal government equal to 100% of the required paid leave that is paid to employees. The reimbursement is made in the form of a refundable tax credit against the employer's payroll tax liability.	The Family and Medical Leave Act (FMLA) generally entitles eligible employees of covered employers to unpaid job-protected leave for specified family and medical reasons. There is no provision under federal law to require employers to provide employees with paid family and medical leave. The law merely protects the employee's job for the time period the employee is unable to work due to family and medical reasons.
Employee Retention Credit See page 3-13	For qualified wages paid after March 12, 2020, and before January 1, 2021, employers are allowed a refundable tax credit equal to 50% of qualified wages, including allocable qualified health plan expenses. The credit is designed to encourage employers to retain their workers when their business operations slow down or are temporarily suspended due to COVID-19.	The Employee Retention Credit has been used over the years in response to natural disasters, such as the California wildfires, Hurricanes Katrina, Rita, Wilma, Harvey, Irma, and Maria. The credit is designed to encourage employers affected by such disasters to retain their employees, even though business operations slow down or are temporarily suspended due to the disaster.
Prior Year Minimum Tax Liability of Corporations See page 4-8	The new law accelerates the full recovery of the minimum tax credit from 2021 to 2019. Thus, the minimum tax credit is allowable and refundable for tax years beginning after 2017 in an amount equal to 50%, with any remaining minimum tax credit carry forward allowed in full for tax years beginning in 2019.	The Tax Cuts and Jobs Act (TCJA) repealed the corporate alternative minimum tax (AMT) for tax years beginning after December 31, 2017. For tax years prior to the AMT repeal, corporations were allowed a minimum tax credit in a subsequent tax year to the extent the corporation's regular tax liability exceeded its tentative minimum tax in the subsequent year. For tax years beginning after December 31, 2017, a minimum tax credit may offset a corporation's entire regular tax liability for the tax year. In addition, the minimum tax credit is allowable and refundable for a tax year beginning after 2017 in an amount equal to 50% of the excess of the minimum tax credit for the tax year over the amount of the credit allowable for the year against regular tax liability. For tax years beginning in 2021, any remaining minimum tax credit that has been carried forward is allowed in full.

~ End ~