

Professional Education Services, LP

The Consolidated Appropriations Act of 2020

(Signed into law December 20, 2019)



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Professional Education Services, LP

The Professional's Choice for Quality CPE.

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THE CONSOLIDATED APPROPRIATIONS ACT OF 2020

The Consolidated Appropriations Act of 2020 was signed into law on December 20, 2019.

Included below are some of the most important tax changes, extenders, and other provisions signed into law and extended through the end of 2020:

- Cancellation of qualified principal residence indebtedness exclusion from gross income.
- Mortgage insurance premiums deduction.
- Medical expense AGI limitation threshold reduced from 10% to 7.5% of AGI for all taxpayers for regular tax and for AMT purposes.
- Tuition and fees deduction.
- Indian employment credit.
- Empowerment zone tax incentives.
- Second generation biofuel producer credit.
- Nonbusiness energy property credit.
- Alternative motor vehicle credit for qualified fuel cell motor vehicles.
- Alternative fuel vehicle refueling property credit.
- Electric vehicle credit for highway-capable 2-wheeled vehicles.
- Energy efficient home credit.
- Energy efficient commercial building property deduction.
- Employer credit for paid family and medical leave.
- Work opportunity credit.
- Health coverage tax credit.

Retirement Plan Provisions

The new law also includes a number of changes to retirement plans. The following list is a summary of these provisions:

- The starting date for making required minimum distributions from an IRA is the year the owner turns age 72.
- The age 70½ limit for making IRA contributions no longer applies.

- Non-spouse inherited IRAs are now subject to a 10-year maximum distribution period.
- Long-term part-time employees qualify to participate in a 401(k).
- 401(k) plans are permitted to adopt qualified birth or adoption distributions.
- A new tax credit is allowed for small employers using auto enrollment into their 401(k) plans.
- Qualified birth or adoption distributions up to \$5,000 are exempt from the early-withdrawal penalty.
- Taxable non-tuition fellowships and stipends and nontaxable difficulty of care payments earned by home healthcare workers are treated as compensation for purposes of retirement plan contributions.
- Provisions that allow employers to encourage employees towards lifetime annuities.
- Plan administrative changes that provide additional flexibility for employees and reduce costs for employer sponsors.

Other Provisions

The new law also includes a number of miscellaneous provisions, including:

- The repeal of the excise taxes on high cost employer-sponsored health coverage (Cadillac plans) and medical devices that was first enacted under the Affordable Care Act (ACA).
- The repeal of the fee on health insurance providers that was first enacted under the ACA.
- The application of the estate and trusts tax rate to unearned income of children (the kiddie tax) has been repealed and replaced with the use of the parents' tax rate for tax years after 2019.
- The parking tax on certain employee fringe benefits has been repealed.