Federal Tax Handbook Updates

Valued Federal Tax Handbook users,

This page will be periodically updated as warranted by important tax events occurring subsequent to the publication of the Federal Tax Handbook. Please check back for updates.

Update March 2020
To provide Federal Tax Handbook users with the most up-to-date information on tax and accounting developments related to COVID-19, Thomson Reuters has established a COVID-19 resource center to provide users with news, government resources, legal resources, and tax and accounting resources to ease navigation of issues relating to COVID-19.

The Thomson Reuters COVID-19 resource center can be reached here: https://www.thomsonreuters.com/en/resources/covid-19.html#tax

Update January 2020
The following standard mileage rates are in effect for 2020: 57.5¢ per mile driven for business use, 17¢ per mile driven for medical or moving purposes, and 14¢ per mile driven in service of charitable organizations.

In addition, for 2020:

a. The depreciation component of the mileage rate for autos used by the taxpayer for business purposes is 27¢ per mile,

b. the standard auto cost (including trucks and vans) used to compute the FAVR allowance cannot exceed $50,400, and

c. the maximum value of an employer-provided vehicle first made available to employees for personal use in calendar year 2020 for which the vehicle cents-per-mile valuation rule provided under Reg. 1.61-21(e) may be applied, or for which the fleet-average valuation rule under Reg. 1.61-21(d) may be applied, is $50,400.

Update December 2019

Disaster Act. On Dec. 20, the President signed into law the "Taxpayer Certainty and Disaster Tax Relief Act of 2019" (the "Disaster Act") as part of an omnibus spending package, the "Further Consolidated Appropriations Act, 2020" (H.R. 1865, PL 116-94). The Disaster Act extends over 30 Code provisions, generally through 2020. Among the provisions extended are the following:
Alternative fuel refueling property credit. The Disaster Act extends the credit so that it applies to property placed in service before Jan. 1, 2021.

Biodiesel fuels tax credit. The Disaster Act extends the biodiesel fuels income tax credit through 2020 and amends the Code to treat renewable diesel the same as biodiesel, except that there is no small producer credit.

Credit for electricity produced from certain renewable resources. The Disaster Act extends the date by which construction of a qualifying facility must begin for purposes of the renewable electricity production credit, to before Jan. 1, 2021, for the following facilities: qualifying closed-loop biomass, open-loop biomass, geothermal energy, land fill gas and trash, qualified hydropower, and marine and hydrokinetic renewable energy facilities. For wind facilities the construction of which begins in calendar year 2020, the Act reduces the credit by 40%.

Employer credit for paid family and medical leave. The Disaster Act extends the employer credit for paid family and medical leave through 2020.

Empowerment zone tax incentives. The Disaster Act extends through Dec. 31, 2020, the period for which the designation of an empowerment zone is in effect for purposes of various empowerment zone tax incentives.

Energy efficient commercial buildings deduction. The Disaster Act extends this deduction to property placed into service before Jan. 1, 2021.

Energy-efficient homes credit. The Disaster Act extends the credit for energy-efficient new homes to homes acquired before Jan. 1, 2021.

Exclusion of income from discharge of qualified principal residence indebtedness. The Disaster Act retroactively extends the exclusion from gross income of discharge of qualified principal residence indebtedness to discharges of indebtedness before Jan. 1, 2021.

The Act also modifies the exclusion to apply to qualified principal residence indebtedness that is discharged under a binding written agreement entered into before Jan. 1, 2021. This applies to discharges of indebtedness after Dec. 31, 2017.

Health coverage tax credit. The Disaster Act extends the health coverage tax credit (HCTC) through 2020.

Indian coal credit. The Disaster Act extends the credit for Indian coal facilities for three years, i.e., it provides a credit for producers of Indian coal at Indian coal facilities during the 15-year period beginning on Jan. 1, 2006 (i.e., before Jan. 1, 2021).

Indian employment credit. The Disaster Act extends the Indian employment credit to tax years beginning before January 1, 2021.

Look-through rule for related controlled foreign corporations. The Disaster Act extends the look-through treatment for payments of dividends, interest, rents, and royalties between related controlled foreign corporations through 2020.

Mortgage insurance premiums treated as qualified residence interest. The Disaster Act extends the treatment of mortgage insurance premiums as qualified residence interest through 2020 for amounts paid or incurred after Dec. 31, 2017.
New Markets Tax Credit. The Disaster Act provides a $5 billion New Markets Tax Credit allocation for 2020 and extends for one year, through 2025, the carryover period for unused New Markets Tax Credits.

Nonbusiness energy property credit. The Disaster Act retroactively extends the credit for purchases of nonbusiness energy property through 2020. This applies to property placed in service after Dec. 31, 2017.

Reduction in medical expense deduction floor. The Disaster Act extends this threshold of 7.5% for itemized deductions of unreimbursed medical expenses to tax years beginning after Dec. 31, 2018 and before Jan. 1, 2021.

Tuition deduction. The Disaster Act retroactively extends the above-the-line deduction for qualified tuition and related expenses for higher education through 2020. This applies to tax years beginning after Dec. 31, 2017.

Two-wheeled plug-in electric vehicle credit. The Disaster Act extends the 10% credit for highway-capable, two-wheeled plug-in electric vehicles so that it applies to vehicles acquired before Jan. 1, 2021.

Work Opportunity Tax Credit. The Disaster Act extends the Work Opportunity Tax Credit (WOTC) through 2020.

SECURE Act. The “Setting Every Community Up for Retirement Enhancement” Act (the SECURE Act), part of the Further Consolidated Appropriations Act, 2020 (H.R. 1865, P.L. 116-94) signed into law by the President on Dec. 20, significantly modifies many requirements for employer-provided retirement plans, individual retirement accounts (IRAs), and other tax-favored savings accounts. While some of the modifications go into effect retroactively or upon enactment (Dec. 20, 2019), many of them carry future effective dates.

The Act includes provisions affecting individuals, employer plans, plan administration, and penalties, including:

. . . Repeal of the maximum age for traditional IRA contributions;
. . . Raising the required minimum distribution (RMD) age;
. . . Modifying the post-death RMD rules;
. . . Expanding Section 529 plans to cover registered apprenticeships and distributions to repay certain student loans;
. . . Repealing the “kiddie tax” changes added by the TCJA;
. . . Allowing penalty-free plan withdrawals allowed for expenses related to the birth or adoption of a child;
. . . Treating certain taxable non-tuition fellowship and stipend payments as compensation for IRA purposes;
. . . Allowing nondeductible contributions of difficulty-of-care payments for IRAs and defined contribution plans;
. . . Reinstating for 2020 the exclusion of SALT benefits and qualified payments for volunteer emergency responders;
. . . Allowing unrelated employers to band together to create pooled employer plans;
. . . Establishing a small employer automatic enrollment credit for certain retirement plans;
. . . Increasing the annual limit on the credit for small employer pension plan start-up costs to as
much as $5,000;
... Increasing the maximum default rate under the automatic enrollment safe harbor for ADP non-discrimination for 401(k) plans to 15% for most deemed election years;
... Requiring 401(k) plans to expand coverage for long-term part-time employees working more than 500 hours of service;
... Expanding qualified plan distribution rules to provide for the portability of lifetime income options when the investment is no longer available under a plan;
... Barring qualified employer plans from making loans through credit cards and similar arrangements;
... Modifying nondiscrimination rules to protect older, longer service participants in closed plans;
... Clarifying retirement income account rules for church-controlled organizations;
... Allowing underfunded community newspaper pension plans to reduce annual contribution limits;
... Allowing plans adopted by the filing due date to be treated as in effect as of the close of the tax year;
... Increasing the penalty for failure to file tax returns; and
... Increasing the penalties for failure to file retirement plan returns.