Greetings from the Accountant’s Corner. We are now well into the 2020 income tax filing season. Hopefully most of you have adjusted to the highs and lows of the Tax Cuts & Jobs Act (TCJA) that was presented to us last year. It made for a complex tax filing season both, for preparers and taxpayers alike. Now that the introduction of the TCJA is behind us, we can rest assured that for the majority of taxpayers, there are only minor changes to take into consideration.

With that said, there were a couple of important tax acts that were signed into law in 2019. The first was The Taxpayer First Act of 2019 signed into law on July 1, 2019. The goal of this legislation is to bring about reforms and administrative changes to how the IRS conducts business. Although there were no new tax law changes, you should know that the Act brought with it several new internal objectives:

- To improve the delivery of services to taxpayers
- To improve the use of technology in streamlining communication with taxpayers
- To improve on employee training and hiring practices
- To improve on its cybersecurity and identify protections

Hopefully the implementation of these new initiatives will positively impact your customer service experiences with the IRS, while reducing the number of tax-related identity theft issues. To learn more about The Taxpayer First Act of 2019, please visit this link below:


The second (and third) pieces of legislation are known as the Taxpayer Certainty and Disaster Tax Relief Act and the SECURE Act, both signed into law on December 20, 2019. Included in the overall bill were several previously expired tax laws that have now been extended, and in some cases made retroactive to the 2018 tax year. Because of the retroactive implications, many of you may want to reach out to your tax professionals regarding the possible advantages of having your 2018 tax returns amended. Here is a brief summary of the more popular revisions:

**Disaster Relief.** These provisions are retroactive for 2018.
- The Act removes the 10% of adjusted gross income (AGI) requirement for the deduction of disaster casualty losses.
- The Act creates an automatic 60-day filing extension for individuals with a principal residence or a principal place of business in a disaster area.
- The Act creates a new exception to the 10% pre-retirement distribution penalty for qualified disaster-related distributions up to $100,000.

**Tax Extenders.** These are existing provisions that had expired or were going to expire. The rules here are not new – only the effective date.
- Previously expired on 12/31/2017 – now extended through 12/31/2020:
  - Extends the exclusion of income from up to $2 million of discharge of debt from the principal residence.
  - Extends the mortgage insurance premiums deduction as home mortgage interest.
  - Extends the deduction of qualified tuition.
  - Extends the cumulative credit of up to $500 for nonbusiness energy-related improvements.
  - Extends the credit of 10% for 2-wheeled plug-in electric vehicles.
Extends the 2018 treatment of medical expenses as being deductible to the extent that they exceed 7.5% of AGI, and not 10%.

  - Work Opportunity Tax Credit. This credit applies to the hiring and retention of certain groups of employees, including veterans, ex-felons, and high-risk youth.

**Another Popular Change.**

- The Act repeals the so-called “parking lot tax” fringe benefit for churches & other nonprofit organizations as unrelated business income tax, retroactively to 12/31/2017. This tax remains for other taxpayers.

**The SECURE Act:**
The SECURE Act is an acronym for “Setting Every Community Up for Retirement Enhancement”. The main intent of this Act is to update retirement plan rules to account for longer life expectancies. Most of these provisions begin in the year 2020.

**Retirement provisions of the SECURE Act.**

- The Act removes the 70 1/2 year age limit on contributing to an IRA. Beginning in 2020, no age limits will apply. All other requirements still apply, such as the requirements to have earned income.
- The Act creates a new exception from the 10% penalty for pre-retirement distributions for up to $5,000 for a birth or adoption.
- The so-called “Stretch IRA” plan is eliminated for those dying after 2019. Beginning in 2020, IRA beneficiaries must spend the entire account within ten years of the death of the prior owner. Exceptions will remain for certain beneficiaries including spouses and those beneficiaries who are within 10 years of age of the deceased.
- The Act increases an employer tax credit for the establishment of a retirement plan up to $5,000 and/or for adopting an automatic enrollment retirement plan.
- The Act requires that long-term, part-time workers be included as eligible employees.

**Non-retirement provisions of the SECURE Act.**

- Retroactive to 1/1/2019, up to $10,000 annually of 529 education plan funds can be used to pay expenses of student loans and apprenticeships.

Well, for a brief summary, I’m sure that’s a lot to swallow. Rest assured that these aforementioned revisions will either positively benefit you or not impact you at all. Unlike the TCJA, there are no downsides to the legislation.

**For more information on how these new tax acts may impact you, or to address any other tax concerns, please contact me at 443-551-3045. Happy tax filing season!**