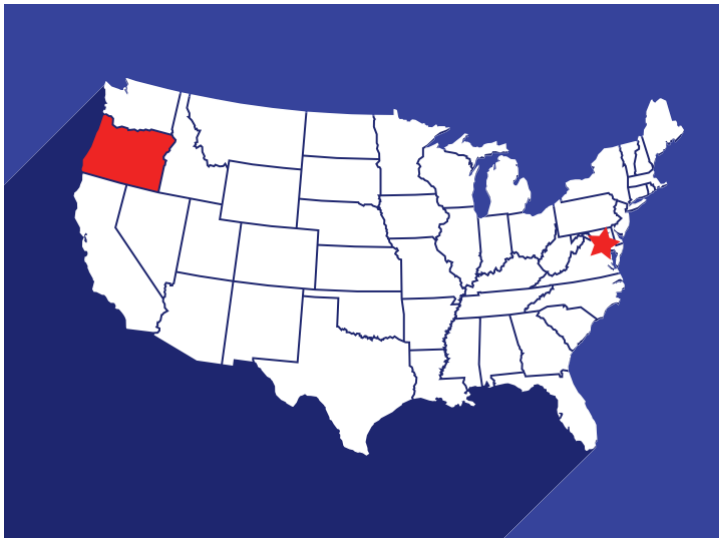

An Analysis of Changes in Federal Tax Laws for the Year 2021

Prepared by the Taxation Strategic Committee
Oregon Society of CPAs

Oregon Society of Certified Public Accountants

Taxation Strategic Committee

Chair: Adam R. Abplanalp

Vice Chair: Penny M. Sweeting

Legislative Analysis Subcommittee

Adam R. Abplanalp

Chad B. Crawford

John D. Hawkins

Douglas R. Henne

Gary A. Holcomb

Heather L. Jackson

Jason R. Orme

Katrina Z. Powell

Kimberly A. Spaulding

Oregon Society of Certified Public Accountants
PO Box 4555
Beaverton, OR 97076-4555
503-641-7200 / 800-255-1470 | Fax: 503-626-2942
orcpa.org / oscpa@orcpa.org

Introduction

On behalf of the Oregon Society of CPAs Taxation Strategic Committee, it is both an honor and a pleasure that we present an Analysis of Changes in Federal Tax Laws.

Oregon Society of CPAs (OSCPA) Legislative Analysis

This OSCPA Legislative Analysis presents Federal tax law changes enacted since the Legislature adjourned from the 2020 session. The 2020 tax code changes were presented last year. However, for clarity, we have included updates to the CARES Act and related coronavirus legislation in Recommendations E. Our committee has been presenting the Legislature with this analysis for many years. Our primary objective is to be a technical resource to the Legislature and, secondarily, to promote taxpayer compliance by striving to keep Oregon tax law tied to the Internal Revenue Code. This connection is accomplished by using both a "fixed date conformity" and a "permanent connection."

Oregon has a long history of conforming to the Internal Revenue Code, and to do so each Legislative Assembly analyzes the implications of recent Federal law changes. Occasionally, Federal Acts passed during the last several years plus the current year should be considered by the Legislature due to tax implications and the dates associated with the Act(s).

Oregon's "permanent connection" applies only to the definition of taxable income. Typically, we recommend that Federal changes to provisions that fall outside the definition of taxable income also be changed to conform to the Internal Revenue Code. Some examples of the types of items requiring a law change are tax credits, estimated tax provisions, and net operating loss rules. Many of these provisions are currently tied to definitions in the Internal Revenue Code as of April 1, 2021, and the tie date should generally be updated to December 31, 2021.

For years beginning on or after January 1, 2011, Oregon is permanently connected to the Internal Revenue Code for the definition of Federal taxable income. However, the Legislature has enacted certain exceptions, such as disconnecting from the provisions related to the deduction for federal subsidies for prescription drug plans under IRC 139A, the deduction related to pass-through income under IRC 199A, and certain provisions related to IRC 529 tuition savings plans. Certain clarifications have also been added by the Legislature as it relates to global intangible low-taxed income (GILTI), foreign derived intangible income (FDII), and IRC Section 245A foreign-source portion dividends that were enacted as part of the Tax Cuts and Jobs Act of 2017.

Please refer to the legislation key to see the Federal acts included in our analysis.

Recommendations Key

A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

B

Note: There are no B recommendations this year.

ORS change necessary, including updating fixed date conformity: A change to the ORS is necessary to conform to the Federal provision. To increase taxpayer compliance, it is recommended that Oregon Statutes conform as closely as possible to Federal change.

C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

D

No ORS change necessary: These provisions reference the tax code, but do not impact tax law.

E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. Updates are highlighted in green.

Legislation Key & Sources

Legislation Key

- American Rescue Plan Act of 2021 (ARP), passed March 11, 2021
- Infrastructure Investment and Jobs Act, (IIJA), passed November 15, 2021
- Families First Coronavirus Response Act (FFCRA), passed March 18, 2020
- Coronavirus Aid, Relief, and Economic Security Act (CARES), passed March 27, 2020
- Consolidated Appropriations Act, 2021, (CAA), passed on December 27, 2020
- Covid-Related Tax Relief Act of 2020 (CTRA of 2020), passed on December 27, 2020

Sources

Information in this report was derived with permission from:

- Bloomberg Tax & Accounting "American Rescue Plan Act Roadmap," ©2021; The Bureau of National Affairs, Inc., a Bloomberg company. All rights reserved.
- Bloomberg Tax & Accounting "Federal Tax & Accounting Coronavirus Roadmap," © 2021; The Bureau of National Affairs, Inc., a Bloomberg company. All rights reserved.

In addition, information regarding the Infrastructure Investment and Jobs Act was developed by committee members referencing:

- "Checkpoint Briefing Package Infrastructure Investment and Jobs Act: Executive Summary," © 2021; Thomson Reuters®; publication date: November 16, 2021. All rights reserved.

Table of Contents

Section Title

Recommendation A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Certain Contributions to a Regulated Public Utility Are Nontaxable Contributions to Capital	Generally, cash or other property contributed to the capital of a corporation is not income to the corporation. (Code §118(a)) However, a contribution to capital doesn't include (i) any contribution in aid of construction (CIAC) or any other contribution by a customer or potential customer, and (ii) any contribution by any governmental entity or civic group (other than contribution made by a shareholder in that capacity). (Code §118(b)) Before the 2017 Tax Cuts and Jobs Act (TCJA), an exception to the first carveout applied under which cash or other property contributed as a CIAC to a regulated public utility that provided water or sewerage disposal services was nevertheless treated as a tax-free contribution to capital if certain conditions were met. The TCJA eliminated this exception.	The Act restores the exception to the first carveout, and broadens it to provide that a contribution to the capital of the taxpayer includes any amount of money or other property received from any person (whether or not a shareholder) by a regulated public utility that provides water or sewerage disposal services if that amount was either: • A CIAC, or • A contribution to the capital of the utility by a governmental entity providing for the protection, preservation, or enhancement of drinking water or sewerage disposal services. As a result, such contributions are not taxable. Effective date: This provision applies to contributions made after December 31, 2020.	IIJA 80603(c)	§118(6)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
	The TCJA also added the second carveout described above for contributions by governmental entities or civic groups that was not previously in the statute.			
Repeal of Election to Allocate Interest Expense on Worldwide Basis		Repeals the election to allocate interest expense of members of a worldwide affiliated group on a worldwide basis, effective for taxable years beginning after December 31, 2020.	ARP §9671	§864(f) (repealed)
Tax Treatment of Targeted Emergency Economic Injury Disaster Loan (EIDL) Advances		Gross income does not include amounts received as a targeted economic injury disaster loan (EIDL) advance. Deductions are allowed for otherwise deductible expenses paid with the amounts so excluded from income, and tax basis and other attributes will not be reduced as a result of those amounts being excluded from income. Any amount excluded from the income of a partnership or S corporation under this provision is treated as tax-exempt income for purposes of IRC §705 and IRC §1366. **Practical Pointer:** Treating the excluded amounts as tax-exempt income allows the amounts to increase partners' or S corporation shareholders' bases in their ownership interests. The legislation does not clarify whether the excluded amounts will also increase amounts at risk under IRC §465, but this is likely within the intent of the legislation.	ARP §9672	§705; §1366

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Tax Treatment of Restaurant Revitalization Grants		Gross income does not include amounts received as restaurant revitalization grants. Deductions are allowed for otherwise deductible expenses paid with the amounts so excluded from income, and tax basis and other attributes will not be reduced as a result of those amounts being excluded from income. Any amount excluded from the income of a partnership or S corporation under this provision is treated as tax-exempt income for purposes of IRC §705 and IRC §1366. **Practical Pointer:** Treating the excluded amounts as tax-exempt income allows the amounts to increase partners' or S corporation shareholders' bases in their ownership interests. The legislation does not clarify whether the excluded amounts will also increase amounts at risk under IRC §465, but this is likely within the intent of the legislation.	ARP §9673	§705; §1366
Limitation on Excessive Employee Remuneration		Effective for taxable years beginning after December 31, 2026, the limit on deductions certain companies can take for compensation paid to the CEO, the CFO, and the next three highest paid individuals reported in securities disclosures also applies to the next five highest paid individuals. **Practical Pointers:** Unlike other covered employees, these additional five employees will not be permanently treated as covered employees for purposes of IRC §162(m) but are re-determined each year. That means employers will need to maintain two sets of records for this purpose.	ARP §9708	§162(m)(3)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		Because the expansion of the deduction limit takes effect at a much later date (generally, in 2027), there is ample time for subsequent legislation to nullify this provision.		
Extension of Limitation on Excess Business Losses		Extends for an additional year (through 2026) the suspension of the limitation on current-year deduction of farming losses. Extends for an additional year (through 2026) the denial of a current-year deduction for business losses of a noncorporate taxpayer to the extent they exceed business income plus a threshold amount.	ARP §9041	§461(l)
Suspension of Income Tax on Portion of Unemployment Compensation		For 2020, excludes from gross income up to $10,200 of unemployment compensation received for individuals with adjusted gross income of less than $150,000.	ARP §9042	§85(c)
Student Loan Forgiveness		For eligible student loans discharged in 2021-2025, the discharged amounts are excluded from income. The exclusion from income does not apply to the discharge of a loan made by certain lenders if the discharge is on account of services performed for the lender. **Practical Pointer:** The extension of the discharge period beyond 2021 makes this a provision that could be utilized as part of a broad student loan forgiveness initiative.	ARP §9675	§108(f)(5)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Temporary Delay of Designation of Multiemployer Plans as in Endangered, Critical, or Critical and Declining Status		Annually, multiemployer defined benefit (DB) plans must obtain actuarial certification of their plan's financial health status, known as zone status. The zone status shows the ability of the fund to meet current and future benefit obligations, as well as the likelihood that a plan is or may become underfunded or insolvent. A plan with a zone status of no category is an example of a plan on track to meet its financial obligations. Generally, plans with other zone statuses must take measures to improve upon the plan's financial status. Multiemployer DB plans reporting a zone status of endangered, seriously endangered, critical, or critical and declining, in the previous plan year, may elect to retain such status for the first plan year beginning during the period from March 1, 2020, through February 28, 2021, or the subsequent plan year. Multiemployer plans with a previous year zone status of critical or critical and declining would not be obligated to update the plan's rehabilitation or funding improvement plan until the subsequent year. If a multiemployer plan elects to maintain its previous year's zone status, but becomes critical during the year of the election, that plan will be deemed to be in critical status and will not be subject to excise taxes for failure to make required minimum contributions. Plans classified as critical by way of annual certification, but endangered because of the election, will be	ERISA §305; ARP §9701	§432

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		required to provide notice as if the plan had been certified as being in endangered status for the plan year. The election to maintain a previous year's zone status may be revoked with the approval of the Treasury Secretary prior to the annual certification date if the revocation is submitted along with the annual certification, or within 30 days of submission if made after the annual certification date. The plan sponsor of a plan that is not in endangered or critical status must provide notice of the election to participants, beneficiaries, PBGC, and other relevant parties within 30 days of the filing of the election if election is made prior to the annual certification deadline, or no later than 30 days after the election date if the election is made after the annual certification deadline.		
Temporary Extension of the Funding Improvement and Rehabilitation Periods for Multiemployer Pension Plans in Critical and Endangered Status for 2020 or 2021		A multiemployer DB retirement plan in endangered status must adopt a funding improvement plan - a plan of action proposed to enable the plan to meet certain requirements based upon specified future improvements in its funding percentage. A multiemployer DB plan in critical status must adopt a rehabilitation plan, with the plan sponsor must provide the bargaining parties with one or more schedules showing revised benefit and/or contribution structures, designed to enable the plan to emerge from critical status. The funding improvement or rehabilitation plan must be implemented over a specific timeframe, known as the funding improvement or rehabilitation period.	ERISA §305(c), §305(e); ARP §9702	§432(c)(4), §432(e)(4)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		For plan years beginning in 2020 or 2021, plan sponsors of endangered or critical multiemployer DB plans with funding improvement plans may elect to extend a funding improvement or rehabilitation period by 5 years (e.g., a funding improvement or rehabilitation period of 15 years would become 20 years; a funding improvement or rehabilitation period of 10 years would become 15 years). Plan zone status, for purposes of this provision, are based on the zone status elected by a multiemployer plan under §9701 of the Act. The option to make the election applies to plan years beginning after December 31, 2019.		
Adjustments to Funding Standard Account Rules		A multiemployer defined benefit plan must maintain a funding standard account. An accumulated funding deficiency exists in a given plan year to the extent total charges to the account exceed total credits to the account. Generally, a multiemployer plan that incurs experience losses (investment losses, other losses) may elect to separately amortize those loss payments to avoid violation of the minimum funding standard rules. Experience loss charges to a plan's funding standard account are generally spread out, or amortized, over a 15-year period. Special funding relief is provided for multiemployer plans experiencing losses (investment losses and other losses related to the COVID-19 pandemic, including losses related to the reductions in contributions or	ERISA §304(b)(8)(F) (new); ARP §9703	§431(b)(8)(F) (new)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		employment, and deviations from expected retirement rates as determined by the plan sponsor) for years 2020 and 2021. Multiemployer plans that can pass a solvency test may elect to separately amortize experience losses incurred in either or both of the first two plan years ending after February 29, 2020, over a period of 30 years (instead of 15 years). The plan may also elect an expanded smoothing period to spread the difference between expected and actual returns in the same plan year(s) over a period of up to 10 years. Restrictions on benefit increases apply to a multiemployer plan that elects either of these special relief rules, and the plan sponsor must provide notice of the election to participants, beneficiaries, and the PBGC. Plans receiving special financial assistance under ERISA §4262 (new) (discussed below) are ineligible for relief under §9703. Effective first day of the first plan year ending on or after February 29, 2020, except that any election a plan makes that affects the plan's funding standard account for the first plan year beginning after February 29, 2020, shall be disregarded for purposes of applying ERISA §305 and/or IRC §432.		
Special Financial Assistance Program for Financially Troubled Multiemployer Plans		In efforts to address looming insolvency concerns for many multiemployer plans and the PBGC, an additional PBGC fund is established to provide special financial assistance to certain multiemployer defined benefit plans, which plans will not be obligated to repay. A multiemployer plan may apply for special financial assistance if: (1) the plan was in critical and declining status in any plan year beginning from 2020 through	ERISA §4005(i) (new), §4006(a)(3), §4262 (new); ARP §9704	§432(a)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		2022; (2) the plan had an approval to suspend benefits (as of enactment date); (3) the plan is in critical status in any plan year beginning in 2020 through 2022, with a modified funded percentage (i.e., current value of plan assets ÷ current liabilities) of less than 40%, and a ratio of active to inactive participants which is less than 2 out of 3; or (4) the plan became insolvent as outlined under IRC §418E after December 16, 2014, has remained insolvent, but has not been terminated as of the date of enactment. The special financial assistance will be the amount required to pay all plan benefits from the date of payment to the plan through the last day of the plan year ending in 2051. To determine the amount of financial assistance needed in its application, an eligible plan would use the interest rate and assumptions in its latest actuarial certification made prior to January 1, 2021, if the rate does not exceed the interest rate limit, and the assumptions are reasonable. The PBGC may specify that during the first two years after enactment of this Act, priority consideration of special financial assistance applications will be given to: insolvent plans or plans in danger of becoming insolvent within five years of enactment; plans projected to require greater than $1 billion in PBGC aid under ERISA §4261 without the special financial assistance; plans that suspended benefits under MPRA prior to enactment of this Act; or plans meeting other PBGC-determined conditions. Eligible multiemployer plans may submit applications through December 31, 2025, and revised applications		

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		through December 31, 2026. PBGC must issue regulations or guidance outlining application requirements within 120 days of enactment, and applications received will be deemed approved unless PBGC notifies a plan otherwise within 120 days of the application submission date. Special financial assistance payments will be made in lump sum, held separately from other plan assets, and restricted to PBGC-approved investment options. No financial assistance under this program will be paid after September 30, 2030. Plans receiving assistance must comply with several conditions, including reinstating, and in some cases, reimbursing (in lump sum or installments), previously suspended benefits; remaining in critical status through 2051; continuing to pay PBGC premiums; ineligibility for benefit suspensions under MPRA. Other reasonable conditions imposed by PBGC and Treasury - with limitations – may include limitations on changes to accrual rates, retroactive benefit improvements, plan asset allocations, contribution rates, and the funding of other benefit plans and/or withdrawal liability. PBGC premiums will increase from the current 2021 amount of $31 per participant to $52 per participant beginning in 2031, and adjusted for inflation thereafter.		

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Extended Amortization for Single Employer Plans		Underfunded single-employer plans may amortize underfunding over an extended period of 15 plan years (instead of 7 plan years), for plan years beginning after December 31, 2021 (or, if the plan sponsor elects, plan years beginning after December 31, 2018, December 31, 2019, or December 31, 2020). Shortfall amortization bases for all plan years preceding the first plan year beginning after December 31, 2021 (or after an earlier date if elected by the plan sponsor), and all shortfall amortization installments determined with respect to those bases are reduced to zero. Generally effective for plan years beginning after December 31, 2021, with option to apply in earlier plan years.	ERISA §303(c); ARP §9705	§430(c)
Extension of Pension Funding Stabilization Percentages for Single Employer Plans		A pension plan's future benefit liabilities are calculated using a specified interest rate, based on three segment rates that are the average of the corporate bond yields for each segment in the preceding 24- month period. Congress, in MAP-21 (Pub. L. No. 112-141) and its extensions, provided a method to stabilize segment rates by establishing a range for each segment. The applicable range is made up of a minimum applicable percentage and a maximum applicable percentage based on the average annual segment rates for years in the 25-year period ending with Sept. 30 of the calendar year preceding the calendar year in which the plan year begins. MAP-21 segment rates are determined by adjusting interest rates based on the corporate bond yield curve that are lower than the minimum applicable percentage or higher than the maximum applicable percentage to fall within the applicable range.	ERISA §303(h)(2)(C)(iv), §101(f)(2)(D); ARP §9706	§430(h)(2)(C)(iv)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		Section 9706 of the Act narrows the funding corridor for segment rates for years between 2020 and 2025, and widens the corridor thereafter, from 2026 through 2029 and beyond. For 2012 through 2019, the applicable range is 90% to 110% of the 25-year average; for 2020-2025, 95% to 105%; for 2026, 90% to 110%; for 2027, 85% to 115%; for 2028, 80% to 120%; for 2029, 75% to 125%; and for years after 2029, 70% to 130%. If the first, second, and third segment rates for a 25-year period average less than 5%, the average will be deemed to be 5%. Plan sponsors may elect to delay application of the amendments made by §9706 of the Act to any plan year beginning before January 1, 2022, for all purposes or solely for purposes of determining the adjusted funding attainment target under IRC §436 and ERISA §206(g). Effective with respect to plan years beginning after December 31, 2019.		
Modification of Special Rules for Minimum Funding Standards for Community Newspaper Plans		Expands types of plans eligible for special funding rules given to certain single-employer community newspaper plans originally implemented under the SECURE Act of 2019 (Pub. L. No. 116-94, Div. O, §115). Provides alternative minimum funding standards to certain community newspaper plan sponsors with funding shortfalls. Allows plans to extend ameliorative contributions over a 30-year period to restore plan assets to the target funding level and increases the interest rates used to determine the funding target and target normal cost to 8%.	ERISA §303(m); ARP §9707	§430(m)

Recommendation – A

Permanent connection (Rolling reconnect): Oregon automatically reconnects to the Federal change. Oregon generally subscribes to the provisions being amended, and therefore, we do not recommend any change. No modification is necessary to tie to the Federal change.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		A community newspaper plan is one that as of Dec. 31, 2018, among other requirements, is maintained by an employer on behalf of participants and beneficiaries with respect to employment in the business of publishing 1 or more newspapers at any time during the 11-year period ending on the enactment date of this Act (i.e., from Mar. 12, 2010 – Mar. 11, 2021). For purposes of this section, a newspaper is published at least 3 times per week (electronically or newsprint), is in general circulation, has a bona fide list of paid subscribers, and has at some point been regularly published on newsprint. An eligible newspaper plan sponsor is, as of Apr. 2, 2019, the sponsor of any community newspaper plan, or any other plan sponsored by a member of the same controlled group of a plan sponsor of a community newspaper plan if that controlled group member publishes 1 or more newspapers. Eligible newspaper plan sponsors may elect to apply the alternative funding status if no participant has had an accrued benefit increase after Apr. 2, 2019. Any election would apply for all subsequent plan years after the date of election, unless revoked with permission of the Treasury Secretary. Effective for plan years ending after December 31, 2017.		

Recommendation B

Note: There are no B recommendations this year.

ORS change necessary, including updating fixed date conformity: A change to the ORS is necessary to conform to the Federal provision. To increase taxpayer compliance, it is recommended that Oregon Statutes conform as closely as possible to Federal change.

Recommendation C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Payroll Credits for Paid Sick and Family Leave		Codifies payroll credits for paid sick leave and paid family leave initially established by the Families First Coronavirus Response Act (Pub. L. No. 116-127) for wages paid for the period beginning April 1, 2021 and ending September 30, 2021. For purposes of the family leave credit, eligible wages are increased to $12,000 from $10,000. Note that the obligation under Pub. L. No. 116-127 to provide paid sick and family leave does not apply in 2021 - instead, employers may voluntarily provide pay for these types of leave. Establishes nondiscrimination requirements that prevent the employer from providing sick and family leave wages in a way that discriminates in favor of highly compensated employees (within the meaning of Code §414(q)), full-time employees, or employees on the basis of employment tenure with such employer. Requires waiver of penalties for failure to deposit employment taxes under Code §6656 if due to anticipation of the credit. Expands eligible leave to include time taken to seek or await COVID-19 diagnostic testing or receive or recover from a COVID-19 vaccine. The credit allowed is increased by the amount of FICA taxes imposed on qualified sick or family leave wages for which the credit is allowed. No double benefit is allowed with respect to the credit increase.	ARP §9641	§3131, §3132, §3133 (new)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Employee Retention Credit		Extends the employee retention credit originally established by the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. No. 116-136) through the end of 2021. This credit can be taken against the employer portion of the Code §3111(b) Medicare tax. **OSCPA Observation:** Oregon allows a subtraction equal to the amount by which the taxpayer was required to reduce the wage expense deduction on the taxpayer's federal tax return due to the Employee Retention Credit.	ARP §9651	§3134 (new)
Employee Retention Credit	Under pre-Act law, eligible employers can claim the employee retention tax credit for wages paid before January 1, 2022 against applicable employment taxes. For each calendar quarter in 2021, the amount of the credit is 70% of the qualified wages (up to $10,000) for each employee. Eligible employers must: (a) be subject to a governmental order suspending the employer's trade or business (governmental order test), (b) experience a substantial decline in gross receipts, or (c) be a recovery startup business (for wages paid in the third and fourth calendar quarters of 2021).	The Act provides that the employee retention tax credit applies to wages paid by an eligible employer after June 30, 2021, and before October 1, 2021 (or in the case of a recovery startup business, wages paid after June 30, 2021, and before January 1, 2022). Also, in the definition of a recovery startup business, the Act removes the requirement that a recovery startup business cannot be subject to a suspension under a government order or have experienced a significant decline in gross receipts (item (3) above) for the calendar quarter.	IIJA Sec 80506	§3134

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Information for Third-Party Network Transactions		Amends the third-party network transaction reporting de minimis exception to require reporting where the amount exceeds $600. Clarifies that reporting is not required on transactions that are not for goods or services. Applies to returns for calendar years beginning after December 31, 2021.	ARP §9674	§6050W(e)
Continuation Coverage Premium Assistance		Provides for temporary, fully subsidized COBRA continuation coverage premiums for up to six months. An individual who is eligible for, and elects, continuation coverage due to a reduction in hours or a termination in employment that is not voluntary (an "assistance eligible individual") is treated as having paid for coverage during the period beginning on the first day of the first month starting after the date of enactment (April 1, 2021) and ending on September 30, 2021. The premium assistance is not included in gross income. It cannot be claimed for a month in which the health coverage tax credit is taken. The individual must notify the group health plan if premium assistance ceases to apply due to eligibility for other group health plan coverage or Medicare benefits. A penalty of $250 applies for each failure to notify, unless due to reasonable cause and not willful neglect. The penalty for each fraudulent failure to notify is 110% of the premium assistance provided, if greater than $250. The COBRA coverage election period is extended for someone who (1) does not have an election in effect on April 1, 2021 but who would be assistance eligible if one were in effect or (2) elected COBRA coverage and discontinued it before April 1, 2021. Coverage may be elected during the period beginning on April 1, 2021 and	ARP §9501	§35(g)(9), §139I (new), §6720C (new)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		ending 60 days after notice of the extended election period is provided. Coverage elected during an extended election period begins with the first period of coverage starting on or after April 1, 2021. It does not extend beyond the period required under the applicable COBRA provision. **Practical Pointer:** An employee's termination for gross misconduct negates any COBRA eligibility and also would negate the premium assistance mentioned here. Because, in practice, employers often lose the argument that an employee was terminated for cause, and COBRA rights are reinstated to the employee, special care should be taken by the employer to be very specific about the reasons for termination and should specifically document the facts behind the termination. Borderline cases should be treated carefully, especially in light of this new premium assistance.		
Continuation Coverage Premium Assistance – Different Employer Coverage		Any assistance eligible individual who is enrolled in a group health plan may, within 90 days after the date of notice of the plan enrollment option, elect to enroll in different coverage offered by the employer, if the employer decides to permit enrollment in different coverage that is offered to similarly situated active employees, and that coverage will be treated as COBRA coverage if certain conditions are met. The different coverage cannot have a higher premium. The different coverage excludes coverage providing only excepted benefits (such as dental or vision coverage), a qualified small employer health reimbursement arrangement (QSEHRA), or a flexible spending arrangement.	ARP §9501(a)	

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		This premium assistance does not apply to an individual for months beginning on or after the earlier of: 1. The first date the individual is eligible for coverage under another group health plan or benefits under Medicare; or 2. The date following the expiration of the maximum period of continuation coverage under the basis for COBRA coverage or the period of continuation coverage that would have been required if the coverage had been elected, whichever is earlier. **Practical Pointer:** Limiting premium assistance to the cost of coverage the participant had prior to becoming assistance-eligible prevents a participant from shopping around for higher quality coverage offered by the employer in anticipation that the premium will be fully subsidized.		
Continuation Coverage Premium Assistance – Notice Requirements		The group health plan administrator must provide by May 31, 2021, notice of the extended election period discussed above. The general COBRA election notice must include an additional written notification regarding the availability of premium assistance and, if permitted by the employer, the option to enroll in different coverage. If the notice provision does not apply, the Secretary of Labor must provide rules requiring such notice. Additional notification may be by amendment of existing notice forms or by inclusion of a separate document. The Secretary of Labor must prescribe models for the	ARP §9501	

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		additional notification within 30 days of the date of enactment. The COBRA election notice requirements are not met unless the plan administrator provides notice of the expiration of the period of premium assistance that includes prominent identification of the date on which premium assistance will expire. This notice must be provided no earlier than 45 days before the date of expiration of the premium assistance and no later than 15 days before the date of expiration. This notice is not required if the expiration is due to the individual being eligible for other group health plan coverage or Medicare benefits. The Secretary of Labor must prescribe models for the notification within 45 days of the date of enactment.		
Continuation Coverage Premium Assistance – Employment Tax Credit		The person to whom premiums are payable for continuation coverage (the employer maintaining the plan, including a state or local government or an Indian tribal government, the multiemployer plan, or the insurer) is allowed a credit against the hospital insurance portion of the FICA tax for the calendar quarter for the amount of premiums not paid by assistance eligible individuals due to premium assistance. The credit cannot exceed the hospital insurance tax imposed for the quarter for all of the employer's employees and is reduced by any paid sick leave, paid family leave, or COVID-19 employee retention credit allowed against the hospital insurance portion by Code §3131, §3132, and §3134. Also, no double benefit is allowed, so the amount of the credit is included in gross income. An excess credit is refundable, while an overstated credit is treated as an underpayment.	ARP §9501(b)(1)	§6432 (new)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		The credit may be advanced. The IRS must waive penalties for failure to deposit hospital insurance tax if the IRS determines that the failure is attributable to anticipation of the credit allowed. If an assistance eligible individual pays the amount of the premium the individual would otherwise be required to pay, the person to whom the premium is payable must reimburse the excess over the required amount within 60 days after the individual elects continuation coverage. A credit is allowed for the payment. Effective for continuation coverage premiums to which this credit applies and wages paid on or after April 1, 2021.		
Premium Tax Credit		The premium tax credit is available to lower-income individuals who enroll in a qualified health plan offered through a public health insurance exchange. An individual whose employer offers coverage that is not affordable may claim the credit. The amount that an individual receiving premium assistance must contribute is based on a sliding scale that, for 2021 (under IRS guidance issued before the Act), starts at 2.07% for household income at 100% of the federal poverty line and is capped at 9.83% if household income is not more than 400% of the poverty line. For taxable years beginning in 2021 or 2022, the premium tax credit may be available for a taxpayer who purchases coverage through a health exchange even if their household income for the year is 400% or more of the poverty line for their family's size. Thus, any individuals	ARP §9661, §9662, §9663	36B

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		enrolled through an exchange would pay no more than 8.5% if their household income in premiums. In addition, the sliding scale used to calculate the monthly amount of premium assistance is expanded temporarily. Under the expanded scale, for taxable years beginning in 2021 or 2022, the contribution is zero for an individual whose household income is no more than 150% of the poverty line. Also, the amount an individual must contribute is based on no more than 8.5% of household income, and the scale applies this 8.5% to individuals with household income greater than 400% of the poverty line. Individuals receiving advance payment of the credit must reconcile on their income tax return the amount received with the amount allowed, and their tax is increased when there is an excess advance payment. The Act suspends temporarily, for taxable years beginning in 2020, the tax increase for excess advance payments for a taxpayer who reconciles the amounts on the return. Unemployment compensation generally is included in gross income and is counted in determining household income. If an individual receives or is approved to receive unemployment compensation for any week beginning during 2021, the individual is treated as being eligible for the premium tax credit. Also, the amount of household income taken into account is capped at 133% of the poverty line, but not when determining whether the employer's group health plan or qualified small employer health reimbursement arrangement is affordable coverage.		

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Reduced Cost Sharing		If an individual receives or is approved to receive unemployment compensation for any week beginning during 2021, the individual is treated as having household income between 100% and 400% of the poverty line. Also, in determining the reduction in cost sharing and for members of an Indian tribe, the amount of household income taken into account is capped at 133% of the poverty line. Effective for plan years beginning after December 31, 2020.	ARP §2305; Affordable Care Act §1402	
2021 Recovery Rebates to Individuals		Provides a $1,400 refundable tax credit to individuals ($2,800 for joint filers) with up to $75,000 in adjusted gross income (or $112,500 for heads of household and $150,000 for married couples filing jointly). Provides $1,400 for dependents (both child and non-child). The credit will be phased out entirely for those with incomes above $80,000 (or $120,000 for heads of household and $160,000 for married couples filing jointly). The credit is reduced between $75,000 and $80,000 (or $112,500 and $120,000 for heads of household and $150,000 and $160,000 for married couples filing jointly). The credit will be paid out in advance like the Economic Impact Payments previously provided under the CARES Act and the COVID-related Tax Relief Act. For this purpose, the IRS will use the most recent adjusted gross income in its system (2020 or 2019). If an	ARP §9601	§6428B (new)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		individual qualifies for a larger payment using 2021 income, the difference will be claimed as a credit on the individual's 2021 return.		
Child Tax Credit		Increases the child tax credit amount for 2021 only, to $3,600 for children under 6, and to $3,000 for children ages 6 to 17; expands definition of "qualifying child" to include 17-year-olds. IRS will make periodic advance payments of the child tax credit based on 2019 or 2020 tax return information, from July 2021 through December 2021. These payments comprise half of the child tax credit for which the taxpayer is otherwise entitled for 2021, with the remaining half claimed on the 2021 tax return. Phases out the additional credit amount − $1,000 per child age 6 or over; $1,600 per child under age 6 − for joint filers with a modified adjusted gross income above $150,000 ($112,500 for head of household filers and $75,000 for other filers). Makes the child tax credit fully refundable in 2021. No child tax credit against U.S. income taxes is allowed to an individual, if the child tax credit is allowable against taxes imposed on the individual by a U.S. possession with a mirror code tax system. **Practical Pointer:** Advance payments under Code §7527A are not subject to offset; on the other hand, the credit applied to the taxpayer's income tax liability for the taxable year is subject to offset.	ARP §9611, §9612	§24, §7527A (new)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		Practical Pointer: Taxpayers who received advance payments in excess of the credit allowable for 2021 must repay the excess amount by increasing the tax liability reported on their 2021 income tax return.		
Earned Income Credit (EITC)		For 2021, temporarily modifies definition of "eligible individual" (without qualifying children) by decreasing minimum age to 19 (24 for specified students and 18 for homeless/former foster youth) and eliminating maximum age limit. Additionally for 2021, the credit phaseout percentage increases to 15.3% and the earned income and phaseout amounts increase to $9,820 and $11,610, respectively. Eligible individuals can claim childless EITC even if they have qualifying children who fail to meet certain identification requirements. A separated spouse who meets certain requirements is not treated as married, such that he/she may be eligible for the EITC despite not filing jointly. Requirements are that the spouse does not file jointly, lives with qualifying child for over half the year, and either (1) does not live with other spouse during the last 6 months of the year or (2) has a separation instrument and does not live with other spouse by the end of the year. (A separation instrument must be a decree, instrument, or agreement (other than a decree of divorce) described in §121(d)(3)(C).) Increases the disqualified investment income amount to greater than $10,000.	ARP §9621, §9622, §9623, §9624, §9626	§32

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		If a taxpayer's 2019 earned income is higher than 2021 earned income, a taxpayer may elect to determine EITC using 2019 earned income instead of 2021 earned income.		
Dependent Care Assistance		The household and dependent care tax credit is made refundable for 2021, and the maximum credit amount is increased to $8,000 if there is 1 qualifying individual with respect to the taxpayer for such taxable year, or $16,000 if there are 2 or more qualifying individuals with respect to the taxpayer for such taxable year. For 2021, the creditable portion of the employment-related expenses is increased to 50%, reduced (but not below the "phaseout percentage") by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds $125,000. The "phaseout percentage" is 20% reduced (but not below zero) by 1 percentage point for each $2,000 (or fraction thereof) by which the taxpayer's AGI exceeds $400,000. For 2021, no household and dependent care credit against U.S. income taxes is allowed to an individual, if the household and dependent care credit is allowable against taxes imposed on the individual by a U.S. possession with a mirror code tax system. For 2021, the amount which may be excluded from an employee's gross income for dependent care assistance with respect to dependent care services provided during the taxable year is increased to $10,500 ($5,250 in the case of a separate return by a married individual).	ARP §9631, §9632	§21, §129

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Credits for Paid Sick and Family Leave for Certain Self-Employed Individuals		Extends refundable paid sick time and paid family leave credits established by Families First Coronavirus Response Act (Pub. L. No. 116-127) through September 30, 2021. For purposes of the family leave credit, between April 1, 2021, and September 30, 2021, eligible wages are increased to $12,000 from $10,000. Extends eligibility to additional self-employed workers. Increases the number of days a self-employed individual can take into account in calculating the qualified family leave equivalent amount from 50 to 60. Expands eligible leave to include time taken to seek or await COVID-19 diagnostic testing or receive or recover from a COVID-19 vaccine. The limit on the overall number of days taken into account for paid sick leave will reset after March 31, 2021.	ARP §9642, §9643	
Filing Extension for Disasters	Before the Act, the period that began on the earliest incident date specified in the declaration related to the disaster area and ended 60 days after the latest incident date so specified was to be disregarded in the same manner as the discretionary period under Code §7508A(a). (§7508A(d)(1)(B))	The Act amends Code §7508A(d) so that, in determining the automatic extension period, the ending date of that extension period is 60 days after the later of: (1) the earliest incident date described in §7508A(d)(1)(A), or (2) the date such declaration was issued. (§7508A(d)(1). The Act also clarifies the time-sensitive acts that are postponed by providing that the 60-day mandatory extension period are disregarded in determining (with respect to any tax liability of a qualified taxpayer) whether any acts described in Code §7508(a)(1)(A) through Code §7508(a)(1)(F) were performed within	IIJA Sec 80501(b); 80502(b)	§7508A(d)(1)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
	In an attempt to clarify which time-sensitive acts were to be postponed under this rule, IRS issued regs providing that the phrase "shall be disregarded in the same manner as a period specified under Code §7508A(a)" required IRS to exercise its discretion under §7508A(a) or §7508A(b) in order to specify the time-sensitive acts that would be postponed. Thus, if IRS decided not to postpone a time-sensitive act pursuant to its discretionary authority under §7508A(a) or §7508A(b), then that time-sensitive act would not be postponed under the automatic extension provided by §7508A(d). Also prior to the Act, the term "disaster area" had the same meaning as defined under Code §165(i)(5)(B) with respect to federally declared disasters (as defined in §165(i)(5)(A)). (§7508A(d)(3))	the time prescribed therefor (determined without regard to extension under any other provision of the Code for periods after the date determined under Code §7508(d)(1)(B)).		

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Combat-Zone Filing Extension	Individuals who are: (i) serving in the Armed Forces or in support of the Armed Forces, in a combat zone; (ii) deployed outside the U.S. and away from a permanent duty station while participating in a "contingency operation;" or (iii) hospitalized due to injury received while serving under (i) or (ii), above, are entitled to a period of extension. The period of extension applies to certain tax-related acts (e.g., filing returns, paying tax, and filing Tax Court petitions)—by taxpayers or by the government—that are listed in Code §7508(a)(1). Under Code §7508(a)(1)(C), filing a petition with the Tax Court for redetermination of a deficiency, or for review of a Tax Court decision, are both acts covered by the extension. Under Code §7508(a)(1)(J), the bringing of a suit by the U.S. concerning any tax liability, is an act covered by the extension. (§7508(a)(1)(C); §7508(a)(1)(J)) However, filing a notice of appeal from a Tax	Under the Act, both filing a petition with the Tax Court, and filing a notice of appeal from a Tax Court decision, are acts covered by the extension. (§7508(a)(1)(C), as amended by Act Sec. 80502(a)(1)). Because the language "filing a petition with the Tax Court" in the Act does not contain any limitations or modifiers, presumably the extension would cover any petition filed with the Tax Court—e.g., petition to redetermine deficiency, petition for declaratory judgment, petition to review the determination at a Collection Due Process hearing, etc. And, under the Act, the bringing of a suit by the U.S. to recover an erroneous refund is included among the acts covered by the extension. (§7508(a)(1)(J), as amended by Act Sec. 80502(a)(2)). Effective date. These provisions apply to any period for performing an act that has not expired before the date of enactment of the Act.	IIJA Sec 80502(b)	§7508(a)(1)(C); §7508(a)(1)(J)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
	Court decision, and the bringing of a suit by the U.S. to recover an erroneous refund, are not covered by the extension.			
Tolling of Time for Filing a Petition with the Tax Court		In any case in which a "filing location" is inaccessible or otherwise unavailable to the general public (including by reason of a lapse in appropriations) on the date a Tax Court petition is due, the relevant time period for filing that petition is tolled for the number of days within the period of inaccessibility plus an additional 14 days. (§7451(b)(1), as amended by Act Sec. 80503(a)) Effective date. Provision applies to petitions required to be timely filed (determined without regard to this provision) after the date of enactment of the Act.	IIJA Sec 80503(c)	§7508A(a)
Authority to Postpone Certain Tax Deadlines by Reason of Significant Fires	The IRS can suspend filing and payment requirements for taxpayers affected by federally declared disasters or terroristic or military actions. (§7508A(a))	The Act amends Code §7508A, to add "significant fire" to the list of events (i.e., federally declared disasters, terroristic or military actions) that allow the IRS to suspend filing and payment requirements under §7508A. (§7508A, as amended by Act Sec. 80504(a)(1) and (a)(2)) A "significant fire" is any fire for which assistance is provided under Section 420 of the Robert T Stafford Disaster Relief and Emergency Assistance Act. (§7508A(e), as amended by Act Sec. 80504(a)(3)) Effective date. The amendments made by this provision apply to fires for which assistance is provided after the date of enactment of the Act.	IIJA Sec 80504(c)	§7508A(e)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Tax-Exempt Bond Financing for Broadband Projects in Underserved Areas	Interest on state and local bonds is generally exempt from federal income tax. (§103(a)) However, private activity bonds—state and local bonds issued to provide financing for private purposes—aren't tax-exempt unless they are "qualified bonds." (§103(b)(1)) A qualified private activity bond must belong to one of seven specifically defined categories. Exempt facility bonds comprise one such category. (§141(e)(1)) §142(a) lists 15 types of facilities that can be financed with exempt facility bonds. At least 95% of the net proceeds of the bond issue must be used for this purpose. Under pre-Act law, the list didn't include qualified broadband projects.	The Act allows qualified broadband projects to be financed with exempt facility bonds. (§142(a)(16))	IIJA Sec 80401(d)	§142
State and Local Bonds for Qualified Carbon Dioxide Capture Facilities	A private activity bond—an otherwise taxable state or local bond whose proceeds are used for private business uses—will nevertheless be	For bonds issued after December 31, 2021, the Act adds "qualified carbon dioxide capture facilities" (as defined below) to the types of exempt facilities that may be financed by tax-exempt exempt facility bonds. (§142(a)(17), as amended by Act Sec. 80402(a))	IIJA Sec 80401(d)	§142

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
	tax-exempt if it qualifies as an "exempt facility" bond. An exempt facility bond is any bond that's part of an issue, 95% or more of whose net proceeds are to be used to provide exempt facilities, that is, specified types of publicly useful facilities. Examples of exempt facilities are qualified residential rental projects, airports, docks, wharves and mass commuting facilities, sewage facilities, solid waste disposal facilities, and facilities for the local furnishing of electric energy or gas. (§142(a))	"Qualified carbon dioxide capture facilities" defined. A "qualified carbon dioxide capture facility" for this purpose is (1) the eligible components (see below) of an industrial carbon dioxide facility (see below), and (2) a direct air capture facility (as defined in §45Q(e)(1)). (§142(o)(1), as amended by Act Sec. 80402(b)) Except as provided in Code §142(o)(2)(B)(ii), below, an "industrial carbon dioxide facility" is a facility that emits carbon dioxide (including from any fugitive emissions source) that is created as a result of any of the following processes: fuel combustion; gasification; bioindustrial; fermentation; or any manufacturing industry relating to chemicals, fertilizers, glass, steel, petroleum residues, forest products, agriculture (including feedlots and dairy operations), and transportation grade liquid fuels. (§142(o)(2)(B)(i), as amended by Act Sec. 80402(b)) Effective: This provision applies to bonds issued after December 31, 2021.		
Increased Limit for Highway/Surface Freight Transportation Facility Bonds	Bonds whose net proceeds are used to provide qualified highway or surface freight transfer facilities can qualify for tax-exempt status. (§142(a)(15)) However, a limit is imposed on the amount of such bonds that can be issued. There is a national limitation on the amount of qualified highway or surface freight transfer facility bonds that may be issued. (§142(m)(2))	Under the Act, the national limitation on qualified highway or surface freight transfer facility bonds is increased from $15 billion to $30 billion. (§142(m)(2)(A), as amended by Act Sec. 80403(a)) Effective Date. The provision applies to bonds issued after the date of enactment of the Act.	IIJA Sec 80403(b)	§142

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Reporting Broker-to-Broker Transfers of Digital Assets	Code §6045A(a) requires a broker (referred to as the applicable person and defined under Code Sec 6045(c)(1), as amended by the Act and discussed above) that transfers to another broker a covered security in the hands of the applicable person must furnish to the other broker a written statement (transferee statement) in the manner that, and including the information that, IRS may prescribe by regs to enable the broker to meet the basis and holding period reporting requirements of Code §6045(g). Thus, the furnished statement must allow the transferee broker to satisfy the basis and holding period reporting requirements of §6045(g).	Any broker, with respect to any transfer (which is not part of a sale or exchange executed by that broker) during a calendar year of a covered security which is a digital asset from an account maintained by the broker to an account which is not maintained by, or an address not associated with, a person that the broker knows or has reason to know is also a broker, is required to make a return for the calendar year, in a form as determined by the IRS, showing the information otherwise required to be furnished with respect to transfers subject to Code §6045A(a). (§6045A(d), as amended by Act Sec. 80603(b)(2)(A)(ii)) With respect to the Code §6724(c) special rule for failure to meet magnetic media requirements, the Act adds to the definition of information return any return required under Code §6045A(d). (§6724(d)(1)(B)(xxvii), as amended by Act Sec. 80603(b)(2)(B)) Effective date. The amendments made by Act Section 80603(b)(2) apply to returns required to be filed, and statements required to be furnished, after December 31, 2023.	IIJA Sec 80603(c)	§6045A(d); §6724(c)
Digital Asset Treated as Cash for $10,000 Reporting Purposes	Under §6050I(a) a person engaged in a trade or business who, in the course of trade or business, receives more than $10,000 in cash (in one or more related transactions), must file an information return with IRS and furnish the payor with a statement.	The Act provides that cash, for Code §6050I(a) purposes, includes any digital asset (as defined in Code §6045(g)(3)(D)). (§6050I(d)(3), as amended by Act Sec. 80603(b)(3)) Effective date. The amendments made by Act Section 80603(b)(3) apply to returns required to be filed, and statements required to be furnished, after December 31, 2023.	IIJA 80603(b)(3)	§6045(g)(3)(D); §6050I(a)

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Extension of Interest Rate Smoothing for Single-Employer Defined Benefit Plans	In 2012 (under the Moving Ahead for Progress in the 21st Century Act, PL 112-141), 2014 (under the Highway and Transportation Funding Act, PL 113-159), and 2015 (under the Bipartisan Budget Act, PL 114-74), Congress provided for 25-year pension interest rate smoothing to address concerns that historically low interest rates were creating inflated pension funding obligations, diverting corporate assets away from jobs and business recovery, and reducing federal income tax revenue. The smoothed interest rates would have begun to phase out in 2021, but the American Rescue Plan Act of 2021 (ARPA, PL 117-2) provided an extension of interest rate smoothing through 2029. Specifically, under ARPA, the applicable minimum and maximum percentages are 95% and 105% for plan years beginning in 2020 through 2025, and a wider corridor for later plan years.	The Act further extends interest rate smoothing an additional five years, to 2034, in accordance with the following table (§430(h)(2)(C)(iv). Effective date. This provision applies to plan years beginning after December 31, 2021.	IIJA Sec 80602(a)	§430

Recommendation – C

No ORS change necessary: No change is necessary to the ORS as this is a Federal tax system change. This provision affects a credit, penalty, administrative rule, or other provision as Oregon has its own rules. The Federal change does not apply to the determination of taxable income. Oregon does not automatically adopt these provisions; however, no modification of ORS is necessary.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Highway Trust Fund Taxes and the LUST Tax Extended	Under pre-Act law, the following excise fuel taxes, which fund the Highway Trust Fund (HTF), were scheduled to be reduced after September 30, 2022	The Act delays the excise fuel tax rate reductions until after September 30, 2028.	IIJA Sec 80102(a)	§4041
Chemical and Imported Substance Superfund Excise Taxes		The Act reinstates as of July 1, 2022 two Superfund Excise Taxes to apply through December 31, 2031: 1. The tax on certain chemicals under Code §4661 ("Chemical Superfund Excise Tax") and 2. The tax on imported substances under Code §4671 ("Imported Substances Superfund Excise Tax"). (§4661(c) and §4671(e), Effective date. These provisions take effect on July 1, 2022		§4661

Recommendation D

No ORS change necessary: These provisions reference the tax code, but do not impact tax law.

Recommendation – D

No ORS change necessary: provisions reference the tax code, but do not impact tax law.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Exchange Grant Program		Establishes a grant program for public health benefits exchanges other than federally established exchanges to obtain funding to modernize or update systems, programs, and technologies.	ARP §2801	

Recommendation E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. Updates are highlighted in green.

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Deduction for Expenses Paid with Paycheck Protection Program Loan Proceeds		Forgiveness of Paycheck Protection Program (PPP) loans are not included in gross income. Taxpayers may deduct otherwise deductible expenses, even if such expenses were paid with the proceeds of a PPP loan that is forgiven, and the tax basis and other attributes of the taxpayer's assets will not be reduced as a result of the loan forgiveness. PPP loan forgiveness that is excluded from the income of a partnership or S corporation is treated as tax-exempt income for purposes of IRC §705 and IRC §1366.	CTRA of 2020 §276	§162
Certain Loan Forgiveness and Other Business Financial Assistance		Gross income does not include forgiveness of certain loans, emergency EIDL grants, Targeted EIDL advances, Grants for Shuttered Venue Operators, and certain loan repayment assistance. Deductions are allowed for otherwise deductible expenses paid with the amounts so excluded from income, and tax basis and other attributes will not be reduced as a result of those amounts being excluded from income. Any amount excluded from the income of a partnership or S corporation under this provision is treated as tax-exempt income for purposes of IRC §705 and IRC §1366. Effective for tax years ending after March 27, 2020, for forgiveness of certain loans, emergency EIDL grants, and certain loan repayment assistance. Effective for tax years ending after the date of enactment of §278 of the Covid-related Tax Relief Act, for Targeted EIDL advances and Grants for Shuttered Venue Operators.	CTRA of 2020 §278	

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Forbearance on Federally Backed Mortgage Loans		The CARES Act provides that borrowers with federally backed mortgage loans and multifamily borrowers with federally backed multifamily mortgage loans experiencing a financial hardship during the covered period due to the Covid-19 emergency may request and obtain forbearance on their loans. The covered period for this purpose begins with the date of the Act's enactment, March 27, 2020 and ends on the earlier of the termination date of the Covid-19 emergency or September 30, 2021. Many such loans are held in investment trusts and real estate mortgage investment conduits (REMICs). The IRS provided safe harbors under which (1) a CARES Act forbearance program will not jeopardize the federal income tax status of investment trusts and REMICs that hold the loans; and (2) REMICs may acquire loans for which servicers have provided CARES Act forbearances without the REMICs being treated as having improper knowledge of an anticipated default for purposes of the rules governing REMIC foreclosure property.	CARES Act §4022, §4023	
Credits for Paid Sick and Family Leave		The Covid-related Tax Relief Act of 2020 extends the refundable payroll tax credits for paid sick and family leave, enacted in the Families First Coronavirus Response Act (FFCRA), through the end of March 2021. It also modifies the tax credits so that they apply as if the corresponding employer mandates were extended through the end of March 2021. Individuals may elect to use their average daily self-employment income from 2019 rather than 2020 to compute the credit.	FFCRA §7001(g), §7002(e), §7003(g), and §7004(e) CTRA of 2020 §286-§288	

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		Technical changes coordinate the definitions of qualified wages within the paid sick leave, paid family and medical leave, the exclusion of such leave from employer OASDI tax, and clarifies the treatment of paid leave for purposes of the Railroad Retirement Tax. Effective as if included in the Families First Coronavirus Response Act.		
Business & Farming Losses (NOLs)		The CARES Act amends IRC §172(b) to allow for the carryback of losses arising in tax years beginning after December 31, 2017 and before January 1, 2021 to each of the five tax years preceding the tax year of such loss (however, real estate investment trusts (REITs) are not permitted such carrybacks). The CARES Act does not alter the indefinite carryforward of NOLs arising in those years. The CARES Act also amends IRC §172(a) to remove the limitation that NOLs could be used to offset no more than 80% of taxable income (disregarding the NOL deduction itself). The amendment applies to tax years beginning before January 1, 2021 (previously, tax years beginning after December 31, 2017, were subject to the 80% limitation). The CARES Act provides for several elections related to NOL carrybacks (election to waive NOL carryback, election to exclude IRC §965 years, and election under a special rule for tax years that began before January 1, 2018 and ended after December 31, 2017). The IRS prescribed the rules for filing those elections in Rev. Proc. 2020-24. Treasury and IRS are reconsidering whether the 10-year	CARES Act §2303 CTRA of 2020 §281	§172

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		limitations period in IRC §6511(d)(3)(A) or the 3-year limitations period in IRC §6511(d)(2)(A) applies to a refund claim resulting from a foreign tax credit carryback that arose as a result of an NOL carryback. During the reconsideration period, the applicable revenue rulings (Rev. Rul. 71-533 and part of Rev. Rul. 68-150) are suspended. The IRS noted that the suspension will not be applied adversely to a taxpayer that filed or files a claim for credit or refund within the IRC §6511(d)(3) limitations period in accordance with the applicable revenue rulings. The Covid-related Tax Relief Act allows farmers who elected a 2-year NOL carryback before the CARES Act to elect to retain that 2-year carryback rather than claim the 5-year carryback provided in the CARES Act. It also allows farmers who previously waived an election to carry back an NOL to revoke the waiver. This provision applies retroactively as if included in §2303 of the CARES Act.		
NOLs and Other Attribute Limitations		In the event of a change in ownership of a loss corporation (generally where 50% of the stock is acquired by new owners), the use of NOLs and other tax attributes by the company after the change is limited. For these purposes, stock acquired by government entities or lenders as part of loan or guarantee programs can constitute a transfer of stock contributing to such a change. The CARES Act provides Treasury regulatory authority to make rules including guidance that acquisition of equity interests as part of loan and guarantee facilities and programs authorized by CARES Act §4003 will not result in an ownership change for IRC §382 purposes.	CARES Act §4003(h)(2)	§382

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Business Interest Limitations		For tax years beginning in 2019 and 2020, the deduction for business interest expense is limited to the sum of (i) business interest income, (ii) 50% of adjusted taxable income (ATI) (increased from 30% of ATI), and (iii) floorplan financing interest expense. Taxpayers may elect not to use the increased limitation. Given that many taxpayers may have significantly reduced income in 2020, taxpayers may elect to substitute 2019 ATI for 2020 ATI. Special rules apply for short tax years. In the case of a partnership, the increase to the ATI portion of the limitation applies only to tax years beginning in 2020. Any election not to use the increased limitation must be made at the partnership level. Like other taxpayers, partnerships may elect to substitute 2019 ATI for 2020 ATI. A special rule provides that partners treat 50% of any excess business interest expense allocated to the partner in a tax year beginning in 2019 as paid or accrued in the partner's first tax year beginning in 2020, with the remaining 50% subject to the default limitation based on allocated excess taxable income (or excess interest income pursuant to Prop. Reg. §1.163(j)-6(g)(2)(i)). A partner may elect out of this special rule. The IRS prescribed rules for the above elections in Rev. Proc. 2020-22.	CARES Act §2306	§163(j)

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Government-Provided Relief Funds (Loans and Grants)		The CARES Act expressly provides that any forgiveness or cancellation of all or part of Paycheck Protection Program (PPP) loans provided to businesses under Title I of Division A of the CARES Act (Small Business Administration loans) will not be treated as income for tax purposes. The CARES Act was silent on the deductibility of otherwise allowable payments of eligible expenses by a PPP loan recipient if the loan is later forgiven as a result of the payment of those expenses. However, the Covid-related Tax Relief Act allows taxpayers to deduct otherwise deductible eligible expenses paid with the proceeds of a forgiven PPP loan. The tax basis and other attributes of the taxpayer's assets will not be reduced as a result of the PPP loan forgiveness. Under the Covid-related Tax Relief Act, PPP loan forgiveness that is excluded from a partnership's or S corporation's income is treated as tax-exempt income for purposes of IRC §705 and IRC §1366. Assistance received under Title IV of Division A of the CARES Act is treated as indebtedness for tax purposes, even if the government acquires warrants, stock, or other equity interests in the assisted companies as part of the assistance program. CARES Act also provides, in Division A, Title I, for grant programs for certain small businesses. The CARES Act does not have any express provision concerning the treatment of such grants for tax purposes. IRC §118(b) expressly excepts contributions to a corporation by a government entity from the exclusion for contributions to capital. As a result, absent legislative provision, grants received by a corporate entity may be treated as taxable income.	CARES Act §1106(i), §4003(h) CRTA of 2020 §276	§118, §162, §705, §1366

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Government-Provided Relief Funds for Nonprofit Organizations (Loans and Grants)		Only certain nonprofit organizations (IRC §501(c)(3) and §501(c)(19) organizations) are eligible to participate in Paycheck Protection Program loans under Title I of Division A of the CARES Act, subject to certain limitations based upon the organization's number of employees. The entire loan is eligible for forgiveness if certain criteria are satisfied. Private nonprofit organizations (defined in 13 CFR §123.300(d) as organizations exempt under IRC §501(c), §501(d), or §501(e)) and small agricultural cooperatives are eligible for Emergency Economic Injury Disaster Loan (EIDL) Grants under Title I of Division A of the CARES Act. The EIDL Grants are not eligible for forgiveness. Similar to for-profit entities, nonprofit organizations are eligible for loan assistance under Title IV of Division A of the CARES Act, which will be treated as indebtedness for tax purposes.	CARES Act §1102, §1110, §4003	
Limitation on Business Losses		The CARES Act removes the limitation on excess business losses for taxpayers other than corporations for tax years beginning in 2018, 2019, and 2020. The CARES Act also makes technical corrections to the excess business loss provisions to clarify: (1) that net operating losses and the qualified business income deduction under IRC §199A are not included in calculating an excess business loss; and (2) the extent to which capital gains are taken into account in determining the amount of an excess business loss.	CARES Act §2304	§461(l)

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Minimum Tax Credits		The CARES Act accelerates the ability of corporations to recover excess minimum tax credits (MTCs) that they possessed when the corporate alternative minimum tax was repealed beginning in 2018. Under the new provision, 50% of the excess MTC are refundable in the corporation's 2018 tax year and all remaining MTCs are refundable in tax year 2019. In addition, corporations may elect to take the entire refund in the 2018 tax year.	CARES Act §2305	§53(e)
Qualified Improvement Property		The CARES Act retroactively classifies qualified improvement property (QIP) placed in service after 2017 as 15-year property with an ADS recovery period of 20 years. Taxpayers may thus apply 100% bonus depreciation to eligible QIP. The CARES Act also clarifies that improvements must be made by the taxpayer to be QIP. The amendments apply to property placed in service after December 31, 2017. The IRS provided guidance, in Rev. Proc. 2020-25, permitting taxpayers to make a late election under IRC §168(g)(7), (k)(5), (k)(7), or (k)(10), to revoke an election under IRC §168(k)(5), (k)(7), or (k)(10), or to withdraw an election under IRC §168(g)(7), for property placed in service by the taxpayer during its 2018, 2019, or 2020 tax year, for a limited period of time. Rev. Proc. 2020-25 also permits taxpayers to make late elections to change their depreciation of qualified improvement property placed in service after December 31, 2017, in the taxpayers' 2018, 2019, or 2020 tax year. The making of such a late election, or the revocation of such an election, is treated as a change in method of accounting for a limited period of time.	CARES Act §2307	§168(e)(3)(E), §168(e)(6)(A), §168(g)(3)(B)

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Production Tax Credit and Investment Tax Credit		The Covid-19 pandemic has caused delays in the development of certain facilities eligible for the production tax credit for renewable energy facilities under IRC §45 and the investment tax credit for energy property under IRC §48. In recognition of those delays, the IRS extended the continuity safe harbor rule for projects that began construction in either 2016 or 2017 and provided a 3 ½-month safe harbor for services or property paid for by the taxpayer on or after September 16, 2019 and received by October 15, 2020.		
Quick Refunds		A corporation that overpays its estimated tax can obtain a quick refund of the excess estimated tax before it files its tax return. A corporation can obtain a quick refund only if the amount of the refund equals or exceeds 10% of the amount estimated by the corporation on its application as its income tax liability for the tax year and is at least $500. The CARES Act permits a corporation to file a tentative carryback adjustment application in conjunction with an IRC §53(e)(5) election to take the entire refund of excess minimum tax credits in the 2018 tax year if the application is filed before December 31, 2020. (See Business Entities, Minimum Tax Credits.) The time to file a tentative carryback adjustment application for a tax year that began during calendar year 2018 and ended before March 27, 2019 had already expired by the time the CARES Act was enacted on March 27, 2020. The IRS thus granted, in Notice 2020-26, a six-month extension of time to file a tentative carryback adjustment application for taxpayers with NOLs arising in a tax year that began during calendar year 2018 and ended on or before June 30, 2019. The extension does not extend the time to carry back any other item.	CARES Act, §2303	§6411

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		The IRS also provided, in Rev. Proc. 2020-24, relief for taxpayers with tax years that began before January 1, 2018 and ended after December 31, 2017. A taxpayer with an NOL arising in such a year will be treated as having timely filed a tentative carryback adjustment application and any available elections for such tax years with an NOL (i.e., waiver or reduction of any carryback period, revocation of waiver of any carryback period) if filed by July 27, 2020. Beginning April 17, 2020, the IRS will accept eligible refund claims Form 1139 and Form 1045 submitted via fax to 844-249-6236 and 844-249-6237, respectively.		
Temporary Exemption for Certain Distilled Spirits; Reduced Excise Tax Rate on Beer, Wine, and Distilled Spirits		The CARES Act allowed a temporary excise tax exemption for distilled spirits used or contained in hand sanitizer produced and distributed consistent with FDA guidance related to SARS CoV-2 or Covid-19. Temporary exemption applied to alcohol withdrawn from bonded premises of a distilled spirits plant for use in hand sanitizer for the period 01/01/20–12/31/20. Taxpayer Certainty and Disaster Tax Relief Act reduces excise tax rate on beer, wine, and distilled spirits removed after Dec. 31, 2020; allows beer to be transferred tax-free between bonded facilities, subject to regulations; increases threshold alcohol content level for 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 spirits to another person for bottling or storage of spirits, and returned to the transferor for removal.	CARES Act §2308 Taxpayer Certainty and Disaster Tax Relief Act §106, §108, §109, §110	§5001(c), §5041(b), §5041(c), §5051(a), §5212, §5214(a)(14), §5414, §5067, §5555(a), §6611(e), §7652(i)

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		The reduced excise tax rates do not apply to smuggled or illegally produced beer, wine, and spirits. Minimum processing requirements apply for distilled spirits to qualify for the reduced excise tax rates. 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.		
Refund in Lieu of Reduced Excise Tax Rates for Foreign Production		The Taxpayer Certainty and Disaster Tax Relief Act 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 distilled spirits are removed after December 31, 2022. Information reporting is required with respect to assignment of lower rates or refunds by foreign producers of beer, wine, and distilled spirits.	Taxpayer Certainty and Disaster Tax Relief Act §107	§5001(c), §5041(c), §5051(a), §6038E, §7652(i)
Suspension of Certain Aviation Excise Taxes		The CARES Act creates an excise tax holiday period from after the date of enactment through December 31, 2020, during which the following excise taxes are suspended: • Air Transportation. Federal excise taxes imposed on air transportation under IRC §4261 and §4271 are suspended during the excise tax holiday period. • Kerosene. Kerosene used in commercial aviation is exempt from tax imposed under IRC §4041(c) and §4081 during the excise tax holiday period and is considered a nontaxable use under IRC §6427(l). The tax applied for financing the Leaking Underground Storage Tank Trust Fund is not suspended.	CARES Act §4007	

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Cafeteria Plan Mid-Year Elections		Section 125 cafeteria plans may allow mid-year elections during calendar year 2020 so that employees may elect or change employer-sponsored health coverage and modify their health FSA or dependent care assistance program amounts. Cafeteria plans also may provide an extended period to apply unused amounts remaining in a health FSA or dependent care assistance program. 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: • 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. The dependent care assistance program benefits that are carried over or permitted to be used during an extended claims period remain excludible from the employee's gross income and are not wages for the taxable years ending in 2021 and 2022 if they would have been excluded if used during the taxable year ending in 2020 or 2021.	Taxpayer Certainty and Disaster Tax Relief Act §214	§21(b), §125

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		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. Separately, plans may extend the maximum age of eligible dependents from 12 to 13 for dependent care FSAs for the 2020 plan year for certain eligible employees, and unused amounts from the 2020 plan year may be carried over into the 2021 plan year. 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.		
Inclusion of Certain Over-The-Counter Medical Products as Qualified Medical Expenses		Reimbursements for medicine through an account-based plan may be made without a prescription, if permitted by the plan. (The medical expense deduction continues to require that medicine be obtained by a prescription or be insulin.) Amounts paid for menstrual care products are treated as amounts paid for medical care for purposes of payment through an account-based plan. Amendment of health FSAs and HRAs to provide for these expense reimbursements for any period beginning on or after January 1, 2020, does not prevent	CARES Act §3702	§106(f), §220(d), §223(d)

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		excludibility from income or cause the cafeteria plan to fail to meet §125 requirements. For HSAs and Archer MSAs, the provision is effective for amounts paid after December 31, 2019. For health FSAs and HRAs, the provision is effective for expenses incurred after December 31, 2019. Amounts paid for personal protective equipment, such as masks, hand sanitizer and sanitizing wipes, for the primary purpose of preventing the spread of Covid-19 are eligible to be paid or reimbursed under health FSAs, Archer MSAs, HRAs, or HSAs.		
Rapid Coverage of Preventive Services and Vaccines for Coronavirus		Secretary of Labor and the Secretary of the Treasury are instructed to require group health plans and health insurance issuers offering group or individual health insurance to cover (without cost-sharing) any qualifying coronavirus preventive service. This requirement applies 15 business days after the date on which a recommendation is made relating to the qualifying coronavirus preventive service. Reg. §54.9815-2713T incorporates this requirement and applies from November 2, 2020, until the end of the public health emergency for Covid-19 as determined by the HHS Secretary.	CARES Act §3203	
Exemption for Telehealth Services		Under safe harbor for plan years beginning on or before 12/31/21, a plan may be treated as an HAS-eligible high deductible health plan even though it does not have a deductible for telecare/other remote care services. Remote care services do not disqualify an individual from contributing to the HSA. This remote care services treatment applies to services provided on or after 01/01/20.	CARES Act §3701	§223(c)

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Guidance on Protected Health Information		Not later than 180 days after the date of enactment, the Secretary of Health and Human Services must issue guidance on the sharing of patients' protected health information during the declared Covid-19 emergencies, including information on compliance with HIPAA regulations.	CARES Act §3224	
Coverage of Diagnostic Testing for Covid-19		Sets out the requirements related to an in vitro diagnostic test that must be covered without cost sharing or other conditions.	FFCRA, §6001 CARES Act §3201	
Pricing of Diagnostic Testing		The Families First Coronavirus Response Act requires group health plans and health insurance issuers to cover Covid-19 testing but does not include information regarding the pricing of the testing. Under the CARES Act, issuers and group health plans must reimburse the provider of the diagnostic testing. During the Covid-19 public health emergency declaration period, testing providers must make public the cash price of the test on their public internet website or risk a civil penalty of up to $300 a day. If a negotiated rate was in effect between the parties before the emergency declaration, that rate applies during the declaration period. If the rate was not negotiated, the plan or issuer must pay the listed cash price unless it can negotiate a lower rate.	Authorities FFCRA, §6001 CARES Act §3202	
Recovery Rebates (Economic Impact Payments)		Eligible individuals are allowed a credit of $1,200 ($2,400 for joint filers), plus $500 for each qualifying child, for the first tax year beginning in 2020. An eligible individual is any individual who has a Social Security number and who is not a nonresident alien, an individual who can be claimed as a dependent on	CARES Act §2201(a) CTRA §273	§6428

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		another taxpayer's return, or an estate or trust. The allowable credit is reduced by 5% of the eligible individual's adjusted gross income in excess of $75,000 (all filers other than joint and heads of households), $112,500 (head of household), or $150,000 (joint filers and surviving spouses). The credit phases out entirely at $99,000 ($198,000 for joint filers). Eligible individuals who are not otherwise required to file federal income tax returns for tax year 2019 may receive economic impact payments under the procedures set forth in Rev. Proc. 2020-28.		
Additional Recovery Rebates (Economic Impact Payments)		Eligible individuals are allowed an additional credit of $600 per eligible individual ($1,200 for married taxpayers filing jointly), plus $600 per qualifying child. This allowable credit is reduced by 5% of the eligible individual's adjusted gross income in excess of $75,000 (all filers other than joint and head of household), $112,500 (head of household), or $150,000 (joint filers and surviving spouses). Advance payments will be issued based on 2019 tax return information. Eligible taxpayers who are not otherwise required to file federal income tax returns for tax year 2019 and are treated as providing returns through the IRS's nonfiler portal in the first round of Economic Impact Payments (provided under the CARES Act) will also receive the additional payments. Advance payments generally are not subject to administrative offset for past due federal or state debts and are protected from bank garnishment or levy by private creditors or debt collectors.	CTRA §272	§6428A

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Qualified Disaster Relief Payments		Gross income does not include any amount received by an individual as a qualified disaster relief payment, which includes any amount to reimburse or pay reasonable and necessary personal, family, living, or funeral expenses incurred as a result of a qualified disaster. A qualified disaster relief payment must be made to, or for the benefit of, an individual, but only to the extent any expense compensated by the payment is not otherwise compensated for by insurance or some other reimbursement.		§139
Charitable Contribution Deductions		For the 2020 tax year, the deduction percentage limitation for charitable contributions of cash has been removed for individual taxpayers. The TCJA had provided for an increased limitation of 60% for cash contributions; however, the CARES Act would suspend the percentage limitations entirely. This simply means that any qualified contribution is allowed to the extent that the aggregate of such contributions does not exceed the taxpayer's adjusted gross income. This type of provision allowing for an "unlimited" charitable contribution deduction has occurred in the past; however, this suspension is applicable only for cash contributions. The CARES Act also increases the limitation on the corporate charitable contribution deduction from 10% of taxable income to 25% of taxable income. In addition, the limitation on contributions of food inventory is increased from 15% to 25%. For tax years beginning in 2020, eligible taxpayers are entitled to an above-the-line deduction of up to $300 for qualified charitable contributions. An eligible taxpayer is an individual that did not elect to itemize	CARES Act §2204, §2205	§62

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		deductions. A qualified charitable contribution is a cash contribution to a qualified tax-exempt organization. Although not a significant amount, individuals may find this provision important due to the increased standard deduction amount that made the threshold for itemizing beyond reach for many taxpayers.		
Teacher Expense Deduction		Unreimbursed expenses paid by an eligible educator after March 12, 2020, for personal protective equipment and other supplies used for the prevention of the spread of Covid-19 in the classroom are treated as eligible expenses for purposes of the eligible educator expense deduction. This may include (among others) expenses for face masks, disinfectant, and disposable gloves.	CTRA §275	§62(a)(2)(D)(ii)
Emergency Financial Aid Grants		Certain emergency financial aid grants under the CARES Act are excluded from the gross income of college and university students. Students are held harmless for purposes of determining eligibility for the American Opportunity and Lifetime Learning tax credits. Effective March 27, 2020.	Authorities CTRA §277	§25A(g)(2)
Waiver of Information Reporting Requirements		Treasury is granted authority to waive information filing requirements for any amount excluded from income by reason of the exclusion of covered loan amount forgiveness from taxable income, the exclusion of emergency financial aid grants from taxable income, or the exclusion of certain loan forgiveness and other business financial assistance under the CARES Act from income. In Notice 2021-6, the IRS waived the following information reporting requirements: • Form 1099-C for PPP loan forgiveness and Treasury Program loan forgiveness; and	CTRA §279	

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		• Form 1099-MISC for student emergency financial aid grants, EIDL grants, loan subsidies, and shuttered venue operator grants. Lenders who have reported subsidized loan payments as income of the borrower on Forms 1099-MISC must file and furnish corrected Forms 1099-MISC that exclude such amounts.		
Protections for Taxpayer Return Information		The Covid-related Tax Relief Act reverses the changes made by the CARES Act that allowed the IRS to share tax return information of student aid applicants, their parents, students, and borrowers with the Department of Education and further allowed that tax return information to be redisclosed to colleges and universities (and certain scholarship organizations). Taxpayer confidentiality protections are restored to the tax return information shared by IRS while allowing certain uses as requested by the committees with education jurisdiction.	CTRA §284	§6103
Costs of PPE Deductible as Medical Care		Amounts paid for personal protective equipment (PPE) for the primary purpose of preventing the spread of COVID-19 are treated as amounts paid for medical care, and are deductible under §213(d).		
NOLs and IRC §965		The CARES Act amends IRC §172(b) to allow for the carryback of losses arising in tax years ending after December 31, 2017 and before January 1, 2021 to each of the five tax years preceding the tax year of such loss. However, the NOL carryback cannot be used to offset IRC §965(a) income in those tax years. The CARES Act provides that if the taxpayer elects to carryback NOLs to any tax year in which it included IRC §965(a) income in its gross income, then the taxpayer is treated as having made the election under IRC §965(n)		§965(a), §965(n)

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		with respect to each such tax year. The CARES Act allows a taxpayer to elect to exclude from its NOL carryback any tax year to which IRC §965(a) applies. The mechanics of the election can be found in Rev. Proc. 2020-24.		
Single-Employer Plan Funding Rules		Single-Employer Plan Funding Rules: The due date for calendar year 2020 minimum required contributions to be made by the sponsor of a defined benefit plan is extended to January 1, 2021; however, contributions are treated as timely if made no later than January 4, 2021. Delayed contributions must be increased by interest accruing for the period between the original due date for the contribution and the actual payment date, at the effective rate of interest for the plan for the plan year that includes the payment date. Plans under benefit restrictions as outlined in IRC §436 and ERISA §206(g) may elect to treat the plan's adjusted funding target attainment percentage (AFTAP) for the last plan year ending before January 1, 2020, as the adjusted funding attainment target for plan years that include the 2020 calendar year. Notice 2020-61 provides guidance in question-and-answer format, starting with the reminder that the extended due date does not apply to a multiemployer plan, a cooperative and small employer charity (CSEC) plan, a fully-insured plan under IRC 371 T.M., XV.A §412(e)(3), or a money purchase pension plan. It also does not change the date by which a contribution must be made in order to be deducted for a tax year under IRC §404. It does apply to apply to contributions in	CARES Act §3608	

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		excess of the amount needed to satisfy the minimum required contribution. The guidance explains: how a contribution is adjusted for interest between the valuation date and the payment date; how the amount of a quarterly installment is determined, if the extended due applies to the installment; and how interest adjustments are determined if the plan's effective interest rate for the plan year in which the contribution is made has not been determined at the time payment is made. If a quarterly installment originally due during 2020 is not satisfied by January 4, 2021, the unpaid portion is subject to a higher interest rate for the period during which it remains unpaid when determining the amount of the minimum required contribution that is satisfied by a contribution. When a contribution for a plan year is made after the original due date for the plan year, but on or before the extended due date: • The contribution must be increased for the period between the original due date and the payment date at the effective interest rate for the plan year that includes the payment date. • If the contribution is less than the amount due, as adjusted for additional interest to account for the period between the original due date and the date of payment (at the effective interest rate for the plan year in which the payment is made), then a portion of the minimum required contribution for that plan year would remain unpaid, and the unpaid		

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		minimum required contribution would be subject to excise tax under IRC §4971(a). • The contribution is taken into account in determining the value of plan assets for a plan year following the plan year for which the contribution is made. • Special reporting rules apply for Schedule SB of Form 5500. If the extended contribution due date applies to a plan year, the deadline for an election to increase a prefunding balance or to use a prefunding balance or a funding standard carryover balance to offset the minimum required contribution for that plan year is extended to January 4, 2021. With regard to the election to apply the prior year's AFTAP: • It may be made for a non-calendar year plan year that includes a portion of 2020. • Plans follow the procedure for elections for funding balances specified in Reg. §1.430(f)-1(f)(1)(i), including written notification to the plan's actuary and the plan administrator. An election made using a different procedure will not be treated as invalid if these requirements are met by September 30, 2020. • The election generally requires certification by the plan's actuary, which should be reflected on the Schedule SB. If elections are made for a plan year that begins in 2019 and ends in 2020 and for the next plan year, the actuary is not required to certify the plan's AFTAP for the plan year that begins in 2019.		

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		• If the election is made before AFTAP has been certified for the plan year, then it is treated as a certification of the AFTAP for purposes of the presumption rules of IRC §436(h). • If certification is made before the election for a plan year, the election is treated as a subsequent determination of the AFTAP for that plan year but is eligible for deemed immaterial treatment; thus, the AFTAP that applies under the election is applied on a prospective basis beginning with the date of the election. If certification occurs after the election, that certified AFTAP does not apply for that plan year unless the employer revokes the election using the same procedures as the election. If the election is revoked, the certified AFTAP is treated as a subsequent determination of the AFTAP that is not eligible for deemed immaterial treatment. • If the AFTAP that applies is pursuant to an election, the restriction on plan amendments and unpredictable contingent event benefits is applied using the rules of Reg. §1.436-1(g)(2) through (4), substituting the AFTAP that applies pursuant to the election for the presumed AFTAP. • For purposes of the IRC §436(h) presumptions used in a subsequent plan year, the actual AFTAP for the plan year that was certified by the plan actuary, not the AFTAP that applies pursuant to the election, generally is used.		

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Tax-Favored Withdrawals from Retirement Plans		Coronavirus-related distributions from eligible retirement plans are not subject to the 10% excise tax on early distributions. Distributions must be made on or after January 1, 2020 and before December 31, 2020 to an individual who is diagnosed with SARS-CoV-2 or Covid-19, whose spouse or dependent is so diagnosed, or who experiences financial hardship because of quarantine or other factors. Coronavirus-related distributions may not exceed $100,000 in the aggregate for any tax year. Taxpayers may elect to ratably spread the income over a 3-year period beginning with tax year 2020. Taxpayers may also avoid income recognition by repaying the distribution to the retirement plan within three years of receipt. In Notice 2020-50, the IRS expanded the categories of individuals eligible for coronavirus- related distributions and loans (referred to as "qualified individuals") by taking into account additional factors such as reductions in pay, rescissions of job offers, and delayed start dates with respect to an individual, as well as adverse financial consequences to an individual arising from the impact of the Covid-19 coronavirus on the individual's spouse or household member. The following amounts are not coronavirus-related distributions: • Corrective distributions of elective deferrals and employee contributions, excess elective deferrals under IRC §402(g), excess contributions under IRC §401(k), and excess aggregate contributions under §401(m); • Loans that are treated as deemed distributions pursuant to IRC §72(p);	CARES Act §2202(a) CTRA of 2020 §280	

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		• Dividends paid on applicable employer securities under IRC §404(k); • The costs of current life insurance protection; • Prohibited allocations that are treated as deemed distributions pursuant to IRC §409(p); • Distributions that are permissible withdrawals from an eligible automatic contribution arrangement within the meaning of IRC §414(w); and • Distributions of premiums for accident or health insurance under Treas. Reg. §1.402(a)-1(e)(i). If a distribution is eligible for tax-free rollover, an individual may at any time in the 3-year period beginning the day after the date of the distribution, recontribute any portion not in excess of the amount of the distribution to an eligible retirement plan. A recontribution will not be treated as a rollover contribution for purposes of the one-rollover-per-year limitation under IRC §408(d)(3)(B). For taxpayers who use the 1-year income inclusion method, the amount of the recontribution will reduce the amount of the distribution included in gross income for the year of the distribution and the amount will be reported on Form 8915-E. For taxpayers who use the 3-year ratable income inclusion method, the amount of the recontribution will reduce the ratable portion of the distribution that is includible in gross income for that year. Further, the excess amount may be carried forward in the next tax year in the 3-year period or, alternatively, carried back		

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		to a prior tax year(s) in which the individual included income attributable to a coronavirus-related distribution. If a qualified individual dies before the full taxable amount has been included in gross income, the remainder must be included in gross income for the tax year that includes the individual's death. For individuals receiving substantially equal periodic payments, coronavirus-related distributions will not be treated as a change in substantially equal payments under IRC §72(t)(4). Section 280 of the Covid-related Tax Relief Act indirectly confirms that money purchase pension plans may take advantage of these temporary rules.		
Employer Retirement Plans Making Coronavirus-Related Distributions		A distribution designated as a coronavirus-related distribution by an employer retirement plan is treated as meeting the distribution restrictions for qualified cash or deferred arrangements under IRC §401(k)(2)(B)(i), custodial accounts under IRC §403(b)(7)(A)(i), annuity contracts under IRC §403(b)(11), governmental deferred compensation plans under IRC §457(d)(1)(A), and the Thrift Savings Plan under 5 U.S.C. §8433(h)(1). If a distribution is treated as a coronavirus-related distribution by an employer retirement plan, the rules for eligible rollover distributions under IRC §401(a)(31), §402(f), and §3405 are not applicable to the distribution. Thus, the plan is not required to offer a direct rollover or provide §402(f) notice. Further, the plan administrator or payor is not required to withhold	CARES Act §2202(a) CTRA of 2020 §280	

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		an amount equal to 20% of the distribution. The employer may choose whether and to what extent to treat distributions under its plans as coronavirus-related distributions. The administrator may rely on an individual's certification that the individual satisfies the conditions to be a qualified individual. Section 280 of the Covid-related Tax Relief Act elaborates that money purchase pension plans that make a coronavirus-related distribution that is an in-service withdrawal will be treated as meeting the distribution rules of IRC §401(a). The provisions of this section apply retroactively as if included in the enactment of Section 2202 of the CARES Act.		
Eligible Retirement Plans Making or Accepting Recontribution of Coronavirus-Related Distributions		An eligible retirement plan must report the payment of a coronavirus-related distribution on Form 1099-R, Distributions from Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This reporting is required even if the individual recontributes the distribution to the same eligible retirement plan in the same year. If payor is treating payment as a distribution and no other appropriate code applies, payor may use distribution code 2 in box 7 of Form 1099-R. A qualified individual who receives a coronavirus-related distribution that is eligible for tax- free rollover treatment may recontribute, at any time in a 3-year period, any portion of the distribution to an eligible retirement plan that may accept eligible rollover contributions.	CARES Act §2202(a)	

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		Relief in Q&A-14 of Treas. Reg. § 1.401(a)(31)-1 applies to an employer retirement plan accepting recontributions of coronavirus-related distributions. Eligible retirement plans are generally not required to accept rollover contributions.		
Loans from Retirement Plans		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 (loans made on or after March 27, 2020 and before September 23, 2020). The full present value of the nonforfeitable accrued benefit of the employee under the plan, as opposed to one-half thereof, is used in applying the IRC §72(p)(2)(A)(ii) exception to treatment of the loan as a taxable deemed distribution. For outstanding loans on or after March 27, 2020, if the due date under IRC §72(p)(2)(B) or (C) for any repayment occurs during the period beginning on March 27, 2020, and ending on December 31, 2020, the due date is suspended for 1 year. Any subsequent repayments are adjusted to reflect the delay and any interest accruing during the delay, and the period of the delay must be disregarded in determining the 5-year period and the term of the loan under IRC §72(p)(2)(B) and §72(p)(2)(C). Loan repayments must resume after the end of the suspension period, and the term of the loan may be extended by up to 1 year from the date the loan was originally due to be repaid. If qualified employer plan suspends loan repayments during 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.	CARES Act §2202(b)	

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Mid-Year Reductions or Suspensions of Contributions to Safe Harbor §401(k) and §401(m) Plans		Employers may reduce or suspend certain contributions made under their safe harbor §401(k) or §401(m) plans in certain circumstances without complying with certain requirements that otherwise apply. The temporary relief also extends to §403(b) plans that apply §401(m) safe harbor rules pursuant to IRC §403(b)(12). If a plan amendment reducing or suspending safe harbor matching or nonelective contributions during a plan year is adopted between March 13, 2020 and August 31, 2020, the plan will not be deemed out of compliance with safe harbor rules where the employer (1) is operating at an economic loss for the plan year (as defined in IRC §412(c)(2)(A)) or (2) has a safe harbor notice that includes a statement that the plan may be amended during the plan year to reduce or suspend safe harbor contributions and that the reduction or suspension will not apply until at least 30 days after all eligible employees are provided with notice for the reduction and/or suspension. Supplemental notice of plan amendments that reduce or suspend safe harbor nonelective contributions are not required to be provided at least 30 days before the effective date of the reduction or suspension, if the supplemental notice is provided to all eligible employees no later than August 31, 2020, and the amendment is adopted no later than the effective date of the reduction or suspension of the nonelective safe harbor contributions. Contributions made on behalf of highly compensated employees (HCEs) are not safe harbor contributions; therefore, a mid-year change that only reduces		§401(k), §401(m)

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		contributions made on behalf of HCEs is not a reduction or suspension of safe harbor contributions. However, HCEs impacted by a mid-year change must be given an updated safe harbor notice and be afforded the opportunity to make changes to elections. HCEs impacted by mid-year changes are to be determined as of the issuance date for the updated safe harbor notice.		
Termination Election for Qualified Transfers to Cover Future Retiree Costs		IRC §420(f) temporarily allows (through December 31, 2025) qualified transfers of excess pension assets from certain defined benefit pension plans to a health benefits account. Employers may transfer up to 10 years of retiree health and life costs from a pension plan to a retiree health benefits account and/or a life insurance account within the pension plan if the following requirements are met: (1) the plan must be 120% funded at the outset; (2) the plan must be 120% funded throughout the transfer period; (3) all unused amounts must be transferred back; and (4) the plan is subject to a maintenance of effort requirement. Covid-related Tax Relief Act of 2020 allows employers to make a one-time election during taxable years 2020 and 2021 to end any existing transfer period for any taxable year beginning after the date of election provided that: (1) the maintenance continues to apply as if the transfer period were not shortened; (2) the employer ensures the plan stays at least 100% funded throughout the original transfer period; (3) the plan has funding targets for the first five years after the original transfer period; and (4) all amounts left in the retiree benefits account at the end of the shortened transfer period are returned to the pension plan. Effective for taxable years beginning after December 31, 2019.	CTRA of 2020 §285	

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
Permitted Cancellation of Deferral Election Under Nonqualified Deferred Compensation Plan Subject to §409A		A nonqualified deferred compensation plan subject to IRC §409A may provide for a cancellation of a service provider's deferral election, or such a cancellation may be made, due to an unforeseeable emergency or a hardship distribution pursuant to Treas. Reg. §1.401(k)-1(d)(3). If a service provider receives a distribution from an eligible retirement plan that constitutes a coronavirus-related distribution, that distribution will be considered a hardship distribution. Thus, a nonqualified deferred compensation plan may provide for a cancellation of the service provider's deferral election, or such a cancellation may be made, due to a coronavirus-related distribution. The deferral election must be cancelled, not merely postponed or delayed.	CARES Act §2202	§409A
Temporary Waiver of Required Minimum Distribution Rules		Minimum distribution rules are waived for calendar year 2020 for IRAs and certain defined contribution plans. Waiver does not apply to required beginning dates in calendars year after 2020, and amounts that would otherwise be required to be distributed are not eligible rollover distributions. For distributions to be made over a 5-year period that includes calendar year 2020, calculations of the distribution period may disregard calendar year 2020. Plan amendments to comply with this provision must be made on or before the last day of the first plan year beginning on or after January 1, 2022 (January 1, 2024 for governmental plans). Plans operated in accordance with these changes between the amendment's effective date and December 31, 2020, will not to be deemed to have a plan qualification failure, or an anti-cutback rule failure, under IRC §411(d)(6).	CARES Act §2203	§401(a)(9)(I), IRC §402(c)(4)

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green.**

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		The IRS provides transition relief for plan administrators and payors in connection with the change in required beginning date for required minimum distributions (sometimes called RMDs) under IRC §401(a)(9). A distribution from a plan made during 2020 to a participant who will attain age 70 ½ in 2020 that would have been an RMD but for the change in the required beginning date will not be considered as failing the requirements of IRC §401(a)(31), §402(f) and §3405(c). The relief allows taxpayers who receive certain distributions to roll them into an eligible retirement plan, even if the distribution normally would be treated as part of a series of substantially equal periodic payments. The following distributions from a plan (other than a defined benefit plan) may be rolled over, provided the other rules of IRC §402(c) are satisfied: • Distributions to a plan participant paid in 2020, if the payments equal the amounts that would have been required minimum distributions in 2020, but for CARES Act §2203, or are one or more payments in a series of substantially equal periodic payments made at least annually and expected to last for the life of the participant, the joint lives of the participant and the participant's designated beneficiary, or for a period of at least 10 years; and • For a plan participant with a required beginning date of April 1, 2021, distributions that are paid in 2021 that would have been a required minimum distribution for 2021 but for CARES Act §2203.		

Recommendation – E

Informational – No action needed: In this section is the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") passed March 27, 2020, as well as other Covid-related legislation, which was presented last year. **Updates are highlighted in green**.

Topic	Prior Law	Current Law	Act Sections	IRC Sections
		The 60-day rollover period for such distributions, as well as for IRA distributions in 2020 that would have been RMDs in 2020 but for CARES Act §2203 or SECURE Act §114, is extended in 2020 so that the deadline for rolling over such distributions will not be before August 31, 2020 (note that, effectively, this only applies for employees taking such distributions more than 60 days before August 31, 2020). The IRS additionally allows for the repayment of required minimum distributions previously distributed from an IRA in 2020. The recipient may repay the distribution to the distributing IRA, even if the repayment is made more than 60 days after the distribution, provided the repayment is made no later than August 31, 2020. The repayment will be treated as a rollover for purposes of IRC §408(d)(3), except for purposes of the one rollover per 12-month period limitation and the restriction on rollovers for nonspousal beneficiaries. The Appendix to Notice 2020-51 further provides a sample plan amendment for defined contribution plans that plan sponsors may adopt to implement IRC §401(a)(9)(l) (i.e., the waiver of required minimum distributions). The IRS notes that, while the waiver of 2020 RMDs applies to IRAs, an IRA does not have to be amended to reflect the waiver.		