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Tax Relief Summary Updates from the COVID-19 Relief Package Passed by Congress 12/21/2020

- Disaster Tax Relief for victims of the Derecho and other 2020 disasters. Among other things, it creates an employee retention credit for businesses in disaster zones, allows for penalty-free use of retirement funds for disaster mitigation, provides additional housing tax credit allocations in disaster zones.
- Employee Retention Tax Credit for COVID is improved and extended for two quarters in 2021.
- Paid Sick Leave Tax Credit established by Families First Act this spring will be extended through March, but there will be no mandate to provide leave beyond the end of this year.
- Craft Beverage Modernization Act – The bill makes the excise tax cuts for breweries, distillers, etc., permanent.
- Tax Exclusion for Student Loan Payments by Employer extended for 5 years. This is from legislation that Senator Ernst has cosponsored. It was previously enacted for 2020 in the CARES Act.
- Makes meals a deductible business expense for two years.
- Extension of Charitable Giving Deduction Boost – The CARES Act made the charitable giving deduction available to non-itemizers up to a certain level in 2020. The bill extends this for one year.
- 5-year extension of several expiring tax provisions, including the Work Opportunity Tax Credit, the New Markets Tax Credit, and the Paid Family/Medical Leave Tax Credit (not to be confused with the one established by Families First).
- As mentioned in small business section, it ensures that business expenses paid for using PPP are deductible.