

Other Tax Provisions in the CAA

The bill includes changes to some provisions in the IRC:

- **Charitable donation deduction:** For taxable years beginning in 2021, taxpayers who do not itemize deductions may take a deduction for cash donations of up to \$300 made to qualifying organizations. The CARES Act revised the charitable donation deduction rules to encourage donations following a decline after the enactment of the Tax Cuts and Jobs Act in 2017.
- **Medical expense deduction:** The income threshold for unreimbursed medical expense deductions is permanently reduced from 10% to 7.5% so that more expenses may be deducted.
- **Business meal deduction:** Businesses may deduct 100% of business-related restaurant meals during 2021 and 2022 (the deduction currently is available only for 50% of those expenses).
- **Extenders:** The bill provides for a five-year extension of the following tax provisions that are scheduled to sunset on December 31, 2020:
 - The look-through rule for certain payments from related controlled foreign corporations in IRC Section 954(c)(6), which was extended to apply to taxable years of foreign corporations beginning before January 1, 2026 and to taxable years of U.S. shareholders with or within which such taxable years of foreign corporations end
 - New Markets Tax Credit
 - Work Opportunity Tax Credit
 - Health Coverage Tax Credit
 - Carbon Oxide Sequestration Credit
 - Employer credit for paid family and medical leave
 - Empowerment zone tax incentives
 - Exclusion from gross income of discharge of qualified principal residence indebtedness
 - Seven-year recovery period for motorsports entertainment complexes
 - Expensing rules for certain productions
 - Oil spill liability trust fund rate
 - Incentive for certain employer payments of student loans (notably, the bill does not include other student loan relief so that borrowers will need to resume payments on such loans and interest will begin to accrue).
- **Permanent changes:** The bill makes several tax provisions permanent that were scheduled to expire in the future, in addition to the medical expense deduction threshold mentioned above:
 - The deduction of the costs of energy-efficient commercial building property (now subject to inflation adjustments)

- The gross income deduction provided to volunteer firefighters and emergency medical responders for state and local tax benefits and certain qualified payments
- The transition from a deduction for qualified tuition and related expenses to an increased income limitation on the lifetime learning credit
- The railroad track maintenance credit
- Certain provisions, refunds and reduced rates related to beer, wine and distilled spirits, as well as minimum processing requirements for certain craft beverages produced outside the U.S.