

IOWA STATE UNIVERSITY

Center for Agricultural Law and Taxation



Blogpost *What COVID Relief Provisions are in the Spending Bill?* has been updated.

What COVID Relief Provisions are in the Spending Bill?

📅 December 23, 2020 | 👤 Kristine A. Tidgren

update: On the evening of December 27, 2020, President Trump signed the Consolidated Appropriations Act into law.

On Monday, December 21, 2020, Congress passed the [Consolidated Appropriations Act, 2021 \(CAA\)](#) [↗](#). The CAA would fund the government through September 30, 2021, implement a number of relief provisions designed to provide money to individuals and businesses struggling in the wake of COVID-19, and extend a number of expiring tax provisions. The \$2.3 trillion bill would provide \$900 billion in COVID-19 relief. After Congress passed the bipartisan CAA, President Trump stated publicly that he is dissatisfied with it. If the bill is not signed into law by December 29, federal funding will lapse, and the government will shut down. Further stimulus relief will also be stalled.

This article highlights key provisions from several important Acts within its 5,593 pages: the COVID-related Tax Relief Act of 2020, the Economic Aid to the Hard-Hit Small Businesses, Nonprofit, and Venues Act, and the Taxpayer Certainty and Disaster Tax Relief Act of 2020.



COVID-Related Tax Relief Act of 2020

Additional 2020 Recovery Rebates (Section 272)

The Act would provide for “additional 2020 recovery rebates for individuals.” In other words, most Americans would receive another round of stimulus payments, although this round of payments would be less than those paid under the CARES Act. The new rebates would supplement the economic impact payments paid pursuant to the CARES Act earlier this year. As with the economic impact payments, these additional rebate payments would be “advance refunds” of an additional recovery rebate *credit* provided for 2020. In other words, both payments would be reconciled on the 2020 return.

Amount

The additional recovery rebate credit would be \$600 for “eligible individuals” or \$1,200 for “eligible individuals” filing a joint return. In addition, “eligible individuals” would be entitled to a \$600 credit for each “qualifying child,” as defined by IRC § 24(c), for purposes of the child tax credit. This generally includes dependent children under the age of 17 for whom the individual has a social security number.

Eligibility

“Eligible individuals” would include “any individual” except for:

- Nonresident alien individuals
- Individuals who can be considered a dependent of another individual
- An Estate or Trust

The amount of the additional recovery rebate credit would be reduced (but not below zero) by five percent of the amount by which a taxpayer’s adjusted gross income exceeds \$150,000 for joint return filers, \$112,500 for those filing head of household, or \$75,000 for other taxpayers.

The additional recovery rebate would be “treated as allowed” as a refundable tax credit.

Determining the Advance Refund Amount

As with the earlier economic impact payments, the Treasury Department would determine an “advance refund amount” to which the individual is entitled, based upon the amount that would have been allowed as a credit to that individual in 2019 had the additional recovery rebate credit been part of the 2019 law. The Act specifically instructs that no amount is to be calculated for a taxpayer who died before January 1, 2020.

Advance Refund Payments

The Act would instruct the Treasury Department to disburse the advance refunds “as rapidly as possible.” The Act provides that no refund would be made or allowed after January 15, 2021. After such time, the eligible individual could claim the credit on their 2020 tax return. As it was with the economic impact payments, the Treasury would be instructed to provide notice to the taxpayer of the amount paid “as soon as practicable” after the payment is made.

Reconciling the Advance Refund Payment and the Recovery Rebate Credit

The Act provides that when filing the 2020 return, the amount of the additional recovery rebate credit to which a taxpayer would be entitled would be reduced (but not below zero) by the aggregate refunds and credits made or allowable to the taxpayer through the advance refund payment. Taxpayers would be required to reconcile both the recovery rebate credit and the additional 2020 recovery rebate credit with the economic impact payment and the new advance refund payment. The amount of the credits to which the taxpayer would be entitled on the 2020 return would be reduced by the amount of the advance payments received. If the taxpayer would be entitled to a credit that is larger than the payment received, the additional credit could be claimed on the 2020 return. If the

taxpayer received a larger payment than the credits to which he or she would be entitled on the 2020 return, the taxpayer would not be required to pay back the difference.

Extension of Certain Deferred Payroll Taxes (Employee Portion of Payroll Tax) (Section 274)

The Act would delay the repayment requirement for the employee portion of the payroll taxes that were deferred in response to President Trump's August 8 Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster. Instead of requiring full repayment of these deferred taxes by April 30, 2021, as required by Notice 2020-65, the Act would delay this deadline to December 31, 2021.

Regulations or Guidance Clarifying Application of Education Expense Tax Deduction (Section 275)

The Act would require Treasury to clarify that personal protective equipment, disinfectant, or other supplies used for the prevention of the spread of COVID-19 should be treated as educator expenses eligible for the \$250 above-the-line deduction.

Clarification of Tax Treatment of Forgiveness of Covered Loans (Section 276)

The Act states that no deduction shall be denied, no tax attribute shall be reduced, and no basis increase shall be denied by reason of a forgiven PPP loan's exclusion from gross income. This provision would override IRS Notice 2020-32 and Rev. Rul. 2020-27, which disallowed a deduction for expenses paid with PPP loan proceeds with a reasonable expectation of forgiveness.

The Act would also ensure that the loan proceeds excluded from income are treated as tax exempt income for purposes of pass-through entity basis adjustments. See IRC § 705 and § 1366. This means that partners and S corporation shareholders will increase their basis in the entity by the amount of the forgiven loan proceeds, thereby preserving the tax-free nature of the proceeds at the owner level.

This tax treatment would apply to original PPP loans, as well as any subsequent loans made possible by the Act.

Emergency Financial Aid Grants (Section 277)

The Act would exclude from gross income a "qualified emergency financial aid grant" provided to a student after March 26, 2020. This would include:

- any emergency financial aid grant awarded by an institution of higher education under section 3504 of the CARES Act,
- any emergency financial aid grant from an institution of higher education made with funds made available under section 18004 of the CARES Act, and
- any other emergency financial aid grant made to a student from a Federal agency, a State, an Indian tribe, an institution of higher education, or a scholarship-granting organization (including a tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C.5304)) for the purpose of providing financial relief to students enrolled at institutions of higher education in response to a qualifying emergency (as defined in section 3502(a)(4) of the CARES Act).

The Act would also provide that the grants excluded from gross income would not be considered for purposes of the American Opportunity Tax Credit. Nor would the income exclusion apply to amounts received as payment for teaching, research, or other services required as a condition of receiving the grant.

Clarification of Tax Treatment of Certain Loan Forgiveness and Other Business Financial Assistance (Section 278)

The Act would provide that Economic Injury Disaster Assistance (EIDL) Advances provided as emergency grants under the CARES Act are excluded from gross income and that corresponding expenses would remain deductible. Additionally, the Act provides that loan forgiveness granted to an EIDL loan recipient under discretionary powers provided by the CARES Act would not result in gross income or a denial of deductions for allocable expenses. The Act would provide similar tax treatment for loan subsidy payments authorized by section 1112(c) of the CARES Act and for grants to shuttered venue operators.

Authority to Waive Certain Information Reporting Requirements (Section 279)

The Act would allow Treasury to waive information reporting requirements (i.e. 1099 reporting) for items specifically excluded from gross income.

Application of Special Rules to Money Purchase Pension Plans (Section 280)

The Act would extend coronavirus-related distribution treatment to money purchase pension plans.

Election to Waive Application of Certain Modifications to Farming Losses (Section 281)

The Act would provide farmers new net operating loss options not otherwise available in the wake of the CARES Act.

Explanation of the Issue

The Tax Cuts and Jobs Act eliminated carrybacks for net operating losses arising in businesses other than farming businesses and casualty insurance companies for tax years ending after December 31, 2017. Instead, losses were carried forward indefinitely. Farm businesses were given a two-year carryback, instead of their traditional five-year carryback. The Tax Cuts & Jobs Act also limited the NOL deduction to 80% of taxable income for tax years beginning after December 31, 2017.

Section § 2303(b) of the CARES Act modified IRC § 172(b)(1) by adding a new subsection (D) providing that net operating losses arising in tax years beginning in 2018, 2019, and 2020 were carried back five years. The new five-year rule applies to all businesses, including farming businesses and casualty insurance companies. Section 2303 of the CARES Act also modified section 172(a) to provide that, for taxable years beginning before January 1, 2021, a net operating loss carryover and/or carryback may offset 100 percent of taxable income.

After the CARES Act changes, farmers no longer had a two-year carryback option for the 2018, 2019, and 2020 tax years. They now had a five-year carryback or could elect to waive the carryback altogether. But when the CARES Act removed the two-year carryback for those tax years, the new law did not provide farmers with an option to revoke their previous elections. In other words, if a farmer did not carry an NOL back two years in 2018 and 2019, the CARES Act provided the farmer with no option to take advantage of the CARES Act five-year carryback. If a farmer did carryback an NOL two years in 2018 or 2019, the CARES Act allowed that farmer to carryback that NOL five years, either by filing Form 1139 or 1145 for an expedited refund (if the time has not expired) or by filing an amended return to recover a refund. But it remained unclear what would happen if a farmer failed to take action to carry the two-year NOL back five years.

New Provision

The Act would address these issues by allowing the farmer to elect, for tax years 2018, 2019, or 2020, to disregard the CARES Act changes. An election under this special provision would mean that a farmer would continue to have a two-year carryback and income limitations on the application of the loss for tax years 2018, 2019, and 2020. This election would be made by the due date for filing the taxpayer's return for the first taxable year ending after the enactment of the Act. Once made, this election would be irrevocable. The Act provides that any previously-filed returns made under pre-CARES Act rules will be treated as an election under the new Act unless the taxpayer amends the return by the due date for filing the return for the first taxable year ending after the date of the enactment of the Act. In other words, the farmer is not required to amend 2018 or 2019 returns and can leave the two-year carryback with the TCJA income limitation in place. No action is required for this choice, but after the due date for 2020 returns, that inaction becomes an irrevocable election to apply the pre-CARES Act

rules. The Act would also allow farmers to revoke a prior election to waive a carryback for the 2018 and 2019 tax years. In other words, farmers who had previously waived the two-year carryback could revoke that election and carry the NOL back five years for tax years 2018 and 2019.

Extension of Credits for Paid Sick and Family Leave (Section 286)

The Act would extend the tax credits made available to employers by the Families First Coronavirus Response Act through March 31, 2021. This would include the sick and family leave credits for self-employed individuals. These credits were set to expire December 31, 2020. Although the credits would be allowed to employers who provide sick leave and family leave to employees after December 31, 2020, the Act would not require employers to provide this leave after December 31, 2020. Nor would the Act provide additional credits for each employee. In other words, once an employer has been provided with a credit for two weeks of sick leave and 10 weeks of family leave for an employee, no additional credits would be available, regardless of the year the leave was provided.

Election to Use Prior Year Net Earnings from Self-Employment in Determining Average Daily Self-Employment Income for Purposes of the Credits for Paid Sick and Family Leave (Section 287)

The Act would allow the self-employed to elect to calculate eligible benefits by using daily average net earnings from 2019 instead of basing such calculations on 2020 income for purposes of calculating their paid sick or family leave credit.

Economic Aid to the Hard-Hit Small Businesses, Nonprofit, and Venues Act (Paycheck Protection Program and Other Small Business Support)

This Act would amend the Paycheck Protection Program (PPP) in a number of ways. The biggest change is that the PPP would be reopened through March 31, 2021 (section 343), allowing borrowers to apply for a first-time or second draw loan. The Act allocates \$284 billion for this reauthorized program and changes some of the rules retroactively. Many details of the expanded program will not be known until SBA releases guidance, but the law requires some of that guidance to be issued within 10 days of the enactment of the law.

Additional Eligible Expenses (section 304)

The PPP, as created last March, allowed borrowers to spend proceeds on payroll costs and non-payroll costs of business mortgage interest, business rent payments, and business utility payments. The Act would expand the allowable use of PPP loan proceeds to include:

- Covered operations expenditures
 - Defined as a payment for any business software or cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, or accounting or tracking of supplies, inventory, records, and expenses.
- Covered property damage costs
 - Defined as a cost related to property damage and vandalism or looting due to public disturbances that occurred during 2020 that was not covered by insurance or other compensation.
- Covered supplier costs
 - Defined as an expenditure made by an entity to a supplier of goods for the supply of goods that (1) are essential to the operations of the entity at the time at which the expenditure is made and (2) is made or pursuant to a contract, order or purchase order (a) in effect at the time before the covered period with respect to the applicable covered loan or (b) with respect to perishable goods in effect before or at any time during the covered period with respect to the applicable covered loan.
- Covered worker protection expenditures
 - Defined as an operating or a capital expenditure to facilitate the adaptation of the business activity to comply with specific COVID-19 guidelines issued by federal, state, and local health agencies. The definition includes specific examples and exclusions.

These changes would apply to the use and forgiveness of all PPP loans, including loans made prior to the Act, with the exception of loans already forgiven before the date of the enactment of the Act.

Selection of Covered Period for Forgiveness (Section 306)

The Act would allow borrowers to choose a covered period anywhere between an eight-week or a 24-week covered period for purposes of loan forgiveness. The covered period must begin on the date the proceeds are disbursed.

Simplified Forgiveness Application (Section 307)

The Act would provide a simplified forgiveness procedure for PPP loans up to \$150,000. The new procedure

would provide that such loans “shall be forgiven” if the borrower:

- Signs a certification (which is to be established by the SBA not later than 24 days after the date of the enactment of the Act) that shall not be more than one page in length and shall only require the borrower to provide:
 - A description of the number of employees the eligible recipient was able to retain because of the covered loan,
 - The estimated amount of the covered loan amount spent on payroll costs, and
 - The total loan value
- Attests that the eligible recipient has accurately provided the required certifications and complied with the requirements of the law
- Retains records to prove compliance with requirement (four years for employment records and three years for other records)

No other applications or documentation would be required at the time of the application for forgiveness, but lenders could request documentation to satisfy other regulatory requirements or in connection with an audit.

Specific Group Insurance Payments as Payroll Costs (Section 308)

The Act would allow group life, disability, vision or dental insurance benefits to count as group insurance payments eligible as payroll costs.

Clarification of and Additional Limitations on Eligibility (Section 310)

The Act would clarify that a business not in operation on February 15, 2020, is not eligible for a PPP loan. Additionally, businesses receiving a Shuttered Venue Operator Grant would not be eligible to receive a PPP loan.

PPP Second Draw Loans (Section 311)

Eligibility

The Act would establish a PPP Second Draw Loan program that would generally apply to businesses with 300 or fewer employees if the business had gross receipts during any quarter in 2020 that were reduced by at least 25 percent from the gross receipts of the business during the same quarter in 2019. Publicly traded companies would be ineligible for these new loans (under section 342 of the Act), as would businesses engaged primarily in political or lobbying activities, certain businesses connected with China or Hong Kong, and businesses that

receive a Shuttered Venue Operator Grant.

To be eligible for a second draw loan, the borrower must have received a PPP loan in 2020 and used all of the proceeds of that loan for permitted purposes.

Loan Terms

For eligible businesses, the Second Draw loans would be available in an amount of 2.5 times their 2019 average monthly payroll (up to \$2 million), or, at the option of the borrower, 2.5 times their average monthly payroll from the one-year period before the date on which the loan is made. Businesses in the accommodation or food service industry would be eligible for a loan in the amount of 3.5 times their average monthly payroll costs.

To receive full forgiveness for the Second Draw loans, borrowers would be required to spend at least 60 percent of the proceeds on payroll costs. Eligible non-payroll costs would include the list of new eligible expenses set forth in section 304 above.

Increased Ability for PPP Borrowers to Request an Increase in Loan Amount (Section 312)

The Act would allow borrowers *who have not yet received forgiveness* to request an increase in their loan amount if they returned all or part of a PPP loan or did not take the full amount of a PPP loan to which they were entitled. In the case of an eligible recipient that returned all or part of an included covered loan, the eligible recipient may reapply for a covered loan for an amount equal to the difference between the amount retained and the maximum amount applicable; and in the case of an eligible recipient that did not accept the full amount of an included covered loan, the eligible recipient may request a modification to increase the amount of the covered loan to the maximum amount applicable. An eligible recipient of an included covered loan that is eligible for an increased covered loan amount as a result of any interim final rule that allows for covered loan increases may submit a request for an increase in the included covered loan amount even if— (1) the initial covered loan amount has been fully disbursed; or (2) the lender of the initial covered loan has submitted to the Administration a Form 1502 report related to the covered loan.

Calculation of Maximum Loan Amount for Farmers and Ranchers under the PPP (Section 313)

The Act provides a new calculation for the maximum loan amount for farmers and ranchers. It would also allow farmers and ranchers who are sole proprietors, independent contractors, or self-employed individuals reporting their income on a Schedule F to *request* an additional loan amount under an existing PPP loan based upon a new calculation formula, **but only if they were in business on or before February 15, 2020, and only if**

they have not received forgiveness before the enactment date of the Act.

The new maximum loan amount (allowed in an amount up to \$2 million) would be calculated in the following manner:

Without employees:

The **gross income** of the borrower in 2019 (as reported on the Schedule F), capped at \$100,000, divided by twelve, and multiplied by 2.5

PLUS

Any outstanding EIDL loan made by April 3, 2020, refinanced under the covered loan

With employees:

The **gross income** of the borrower in 2019 (as reported on the Schedule F), capped at \$100,000, divided by twelve, and multiplied by 2.5

PLUS

The average monthly payroll costs incurred in the prior year, multiplied by 2.5

PLUS

Any outstanding EIDL loan made by April 3, 2020, refinanced under the covered loan

Requesting an Additional Loan Amount

At the request of the borrower, a lender that made a covered loan to the borrower before the date of the Act, *may* recalculate the maximum loan amount as described above if doing so would result in a larger covered loan amount. The lender could then provide the borrower with the additional loan amount based upon the recalculation. As stated above, the borrower could not receive additional loan proceeds if the PPP loan was forgiven before the date of the enactment of the Act.

Grants for Shuttered Venue Operators (Section 324)

The Act would create a new grant program for live venue operators, such as theatre operators. Up to \$10 million could be disbursed to eligible businesses from the \$15 billion SBA program. The grants proceeds could be spent

on payroll costs, rent, utilities, and personal protective equipment.

Targeted EIDL Advance for Small Business Continuity, Adaptation, and Resiliency (Section 331)

Under this \$20 billion provision, the covered period for EIDL loans would be extended through December 31, 2021. The Act would allow covered entities to receive an EIDL advance if they:

- Applied for an EIDL loan any time before December 31, 2021 (including before the date of enactment of the Act)
- Are located in a low-income community, as defined by IRC § 45D(e)
- Have suffered an economic loss of greater than 30 percent (during an 8-week period between March 2, 2020, and December 31, 2021, as compared to a comparable 8-week period immediately preceding March 2, 2020 or during 2019.
- Employ 300 or fewer employees

The allowed advance would include additional amounts (up to \$10,000) for eligible businesses that previously did not receive this full amount or \$10,000 for those covered entities that did not receive an advance before the funds ran out. The SBA would be required to notify these entities of their eligibility. Agricultural enterprises, with the exception of small agricultural cooperatives, would be generally excluded from this new program.

Emergency EIDL Grants (Section 332)

The Act would appropriate an additional \$20 billion for emergency EIDL grants. The Act would extend the covered period for this program through December 31, 2021, and extend the period to approve the applications from three days to 21 days.

Repeal of EIDL Advance Deductions (Section 333)

The Act would repeal the provision in the CARES Act requiring the SBA to reduce a borrower's PPP forgiveness by the amount of an EIDL advance. The Act states that the SBA should implement regulations to apply the new rule fairly to all businesses, whether or not they previously received forgiveness. The Act states that it is the "sense of Congress" that these borrowers "should be made whole," without regard to whether they are eligible for forgiveness with respect to those loans.

Taxpayer Certainty and Disaster Tax Relief

Act of 2020

Reduction in Medical Expense Deduction Floor (Section 101)

The Act would permanently reduce the medical expense deduction floor from 10 percent of adjusted gross income to 7.5 percent of AGI.

Energy Efficient Commercial Buildings Deduction (Section 102)

The Act would make permanent the Energy Efficient Commercial Buildings Deduction.

Transition from Deduction for Qualified Tuition and Related Expenses to Increased Income Limitation on Lifetime Learning Credit (Section 104)

The Act would increase the income limitation for the Lifetime Learning Credit to make it the same as the limitation for the American Opportunity Tax Credit. It would also repeal the deduction for qualified tuition and related expenses for taxable years beginning after December 31, 2020.

Work Opportunity Credit (Section 113)

The Act would extend the Work Opportunity Credit through 2025.

Exclusion from Gross Income of Discharge of Qualified Principal Residence Indebtedness (Section 114)

The Act would extend the exclusion from gross income of discharge of qualified principal residence indebtedness to discharges occurring before January 1, 2026. It would also lower from \$2,000,000 (MFJ) to \$750,000 and from \$1,000,000 (single) to \$375,000 the amount that may be discharged.

Employer Credit for Paid Family and Medical Leave (Section 119)

The Act would extend the employer credit for paid family and medical leave under IRC § 45S(i) through December 31, 2025.

Exclusion for Certain Employer Payments of Student Loans (Section 121)

The Act would extend the exclusion from income for certain employer payments of student loans through 2025.

Treatment of Mortgage Insurance as Qualified Residence Interest (Section 133)

The Act would extend the treatment of mortgage insurance as qualified residence interest (deductible) through December 31, 2021.

Second Generation Biofuel Producer Credit (Section 140)

The Act would extend the IRC § 40 second generation biofuel producer credit to apply before January 1, 2022.

Credit for Nonbusiness Energy Property (Section 141)

The Act would extend the IRC § 25C credit for nonbusiness energy property to apply to property placed in service by December 31, 2021.

Credit for New Qualified Fuel Cell Motor Vehicles (Section 142)

The Act would extend the IRC § 30B credit for new qualified fuel cell motor vehicles to apply to those vehicles purchased through December 31, 2021.

Credit for Alternative Fuel Vehicle Refueling Property (Section 143)

The Act would extend the IRC § 30C credit for alternative fuel vehicle refueling property to apply to property placed into service through December 31, 2021.

Credit for 2-Wheeled Plug-in Electric Vehicles (Section 144)

The Act would extend the IRC § 30D credit for 2-wheeled plug-in electric vehicles to apply to vehicles acquired before January 1, 2022.

Credit for Energy-Efficient New Homes (Section 145)

The Act would extend the IRC § 45L credit for energy-efficient new homes to apply to homes acquired through 2021.

Excise Tax Credits Relating to Alternative Fuels (Section 147)

The Act would extend alternative fuels excise tax credits available under IRC § 6426(d)(5) and IRC § 6426(e)(3) through 2021. The Act would also extend the IRC § 6427(e) outlay through 2021.

Extension of Residential Energy Efficient Property Credit (Section 148)

The Act would extend the IRC § 25D credit for residential energy property for qualified solar electric property, qualified solar water heating property, qualified fuel cell property, qualified small wind energy property, and qualified geothermal heat pump property.

For property placed in service after Dec. 31, 2020, the Act would extend the phasedown, stating that the 26 percent rate would apply to property placed in service before January 1, 2023, and the 22 percent rate would apply to property placed in service after December 2022 and before January 1, 2024. The REEP credit would expire after that time. The Act would also add “qualified biomass fuel property” expenditures to the list of expenses qualifying for the credit.

Extension and Modification of the Employee Retention Credit (Section 206-207)

Section 207 of the Act would extend and significantly expand the employee retention credit for 2021, allowing employers to remain eligible before July 1, 2021. In particular, for January 1, 2021, through June 30, 2021, the credit percentage would increase from 50 percent of qualified wages to 70 percent. Employers could count qualified wages up to \$10,000 per employee per quarter (instead of for all quarters) in calculating the credit. Employers could qualify for the credit if their gross receipts for a calendar quarter are less than 80 percent of the gross receipts of such employer for the same calendar quarter in calendar year 2019.

Section 206 of the Act would allow employers who received PPP loans (including in 2020) to qualify for the employee retention credit as long as the wages paid by the PPP are not used to claim the credit.

Temporary Allowance of a Full Deduction for Business Meals

(Section 210)

After December 31, 2020, the Act would allow a 100 percent deduction for business meals where food or beverages is provided by a restaurant, and paid or incurred before January 1, 2023.

Temporary Special Rule for Determination of Earned Income (Section 211)

For purposes of the Child Tax Credit and the Earned Income Credit for 2020, the Act would allow taxpayers to elect to apply earned income for the preceding tax year if that is greater than the taxpayer's earned income for 2020.

Certain Charitable Contributions by Non-Itemizers (Section 212)

For tax years beginning in 2021, the Act would extend and increase the above-the-line deduction for cash contributions by non-itemizers to \$300 for individuals and \$600 for married filers. The Act would also increase the penalty to 50 percent for tax underpayments attributable to an overstatement of a cash contribution.

Modification of Limitations on Charitable Contributions (Section 213)

The Act would extend through 2021 the increased limit from the CARES Act on deductible charitable contributions for corporations and taxpayers who itemize.

Temporary Special Rules for Health and Dependent Care Flexible Spending Arrangements (Section 214)

The Act would allow taxpayers to roll over unused amounts in their health and dependent care flexible spending arrangements from 2020 to 2021 and from 2021 to 2022.

Agricultural Provisions

The Act would allocate \$11,187,500,000, to remain available until expended, to prevent, prepare for, and respond to coronavirus by providing support for agricultural producers, growers, and processors impacted by coronavirus, including producers and growers of specialty crops, non-specialty crops, dairy, livestock, and

poultry, producers that supply local food systems, including farmers markets, restaurants, and schools, and growers who produce livestock or poultry under a contract for another.

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