On December 20th, 2019, President Trump signed into law the Consolidated Appropriations Act and the Further Consolidated Appropriations Act.

There are many tax law changes in both of these bills.

Below is a listing of the changes that will affect a large number of taxpayers and how these changes will affect each group listed.

We have broken down these changes into two tables, one for individuals and one for business owners.

Individuals Affected	How They're Affected
Those over the age of 70 wanting to make an IRA contribution	Those over the age of 70 may now be allowed to contribute to an IRA effective for tax years beginning after December 31, 2019.
Individuals age 70 to 72 currently taking required minimum distributions from their IRA	Effective for distributions required after December 31, 2019, taxpayers will now be required to take minimum distributions starting April 1st in the calendar year after they reach age 72 instead of $70^{1/2}$.
Recent recipients of an inherited qualified retirement plan	The required distribution period may have changed to ten years instead of the lifetime of the recipient for inherited qualified retirement plans received after December 31, 2019.
Soon to be parents of a newborn or adopted child	Effective for tax years beginning after December 31, 2019, penalty-free withdrawals still up to $5,000 for each qualified spouse are now available from qualified retirement plans within a one year period, starting when the adoption is finalized or the child is born (withdrawals may still be subject to income taxes).
Parents of children with unearned income	Due to the repealed changes, dependent's returns filed in 2018 may want to be reviewed to determine if they need to be amended along with analyzing the best way to file 2019's return.
Individuals paying for tuition and related expenses	Retroactive to tax years beginning after December 31, 2017, filing an amended return for 2018 may be beneficial to deduct qualified tuition and expenses up to $4,000.
Individuals currently paying student loans who also have a balance in a 529 savings account	Starting January 1st, 2019, taxpayers can withdraw up to $10,000 a year from a 529 savings account to pay down student loans for themselves, a sibling, or a step-sibling.
Homeowners who had their mortgage on their qualified principal residence discharged	Retroactive to tax years beginning after December 31, 2017, filing an amended return for 2018 may be beneficial for recipients of discharged qualified principal resident indebtedness.
Homeowners with mortgage insurance premiums	Retroactive to tax years beginning after December 31, 2017, filing an amended return for 2018 may be beneficial to report mortgage insurance premiums as qualified mortgage interest.
Those who had a lot of out of pocket medical expenses in 2019 or potential expenses in 2020	Qualified medical expenses in excess of 7.5% of adjusted gross income may now be deductible in 2019 or 2020 for taxpayers that itemize instead of claiming the standard deduction.

Businesses affected	How they're affected
Business owners thinking of starting a qualified retirement plan for their employees	Starting January 1, 2020, a qualified plan must be adopted before the due date, including extensions, of the tax return in order for the plan to be valid for the previous calendar year.
Business owners invested in race horses two years old or younger	The depreciation class life of race horses two years or younger has been changed back to three years for tax years after December 31, 2017. Because of this, an amended return for 2018 may need to be filed.
Employers with part-time employees	Employers may now be required to allow long-term, part-time employees to participate in qualified retirement plans for plans starting after December 31, 2020.
Employers with qualifying wages for the Work Opportunity Credit	The credit for qualifying wages paid to qualifying employees was scheduled to expire after December 31, 2019 but was extended until December 31, 2020.
Employers with a paid family and medical leave plan	The credit for qualifying wages paid to qualifying employees was scheduled to expire after December 31, 2019 but was extended until December 31, 2020.
Contractors building energy efficient homes	Each energy efficient home sold before January 1, 2021 can qualify for a separate $2,000 credit as long as the home is acquired from the contractor by a person for use as a residence.
Real estate investors of energy efficient commercial buildings	Retroactive to tax years beginning after December 31, 2017, filing an amended return may be extremely beneficial to claim the $1.80/square foot accelerated deduction.
Motorsports complex owners	Due to the depreciation class life changing back to seven years for tax years starting after December 31, 2017, instead of the 39 year class life they previously were for 2018, an amended return for 2018 may need to be filed.

If you have any questions regarding any of these changes or how they may affect you or your business, please don't hesitate to reach out to us. We know that new tax laws can be tricky to navigate, and we want to be a resource for you and your business when changes like these happen.

Please reach out to your contact at the firm, or you can reach our offices at the phone numbers listed below.

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Sincerely,

ABDO, EICK & MEYERS, LLP