Haynie & Company
Certified Public Accountants & Management Consultants

2020 Tax Extenders For Employment, Economic Growth and Community Development

EMPLOYMENT, ECONOMIC GROWTH, COMMUNITY DEVELOPMENT
12-20-19 Extender Provisions
Below is a summary of the most significant tax extender provisions for employment, economic growth and community development included in the Consolidated Appropriations Act:

EMPLOYER CREDIT FOR PAID FAMILY AND MEDICAL LEAVE EXTENDED ONE YEAR
An eligible employer is allowed to claim a 12.5% general business credit of the amount of wages paid while an employee is on family and medical leave if the rate of payment under the program is 50% of the wages normally paid to an employee. The credit is available for wages paid in taxable years beginning after Dec. 31, 2017, and before Jan. 1, 2021 (was before Jan. 1, 2020). The credit is increased by 0.25 percentage points (but not above 25%) for each percentage point by which the rate of payment exceeds 50%. The maximum amount of family and medical leave that may be taken into account with respect to any employee for any taxable year is 12 weeks. For details on the family and medical leave credit, see the IRS FAQs.

WORK OPPORTUNITY CREDIT EXTENDED FOR ONE YEAR
Eligible employers may claim the Work Opportunity Tax Credit (WOTC) for all targeted group employee categories, including qualified veterans and long-term unemployed recipients, if the individual began or begins work for the employer after Dec. 31, 2014 and before Jan. 1, 2021 (was before Jan. 1, 2020).

Pre-screening and certification. An employer must obtain certification that an individual is a member of the targeted group, before the employer may claim the credit. An eligible employer must file Form 8850 with their respective state workforce agency within 28 days after the eligible worker began work (watch for "transitional relief" from the IRS). Employers should contact their individual state workforce agency with any specific processing questions for Form 8850. For details on the WOTC, see the IRS explanations here (remembering that the website might not have been updated for the extended expiration date.)

EMPOWERMENT ZONE TAX INCENTIVES RETROACTIVELY EXTENDED THROUGH DEC. 31, 2020
Any employer who pays "qualified zone wages" to a "qualified zone employee" can claim the credit. The credit is equal to 20% of the qualified zone wages (including training and education expenses treated as qualified zone wages), limited to $15,000 for each employee each calendar year. The deduction on the income tax return for salaries and wages and certain education and training costs must be reduced by the amount of your empowerment zone employment credit. An empowerment zone is an economically distressed community eligible to receive tax incentives and grants from the Federal government under the Empowerment Zones and Enterprise Communities Act of 1993.

Amended return. The empowerment zone tax incentives had expired Dec. 31, 2017. The expiration is now Dec. 31, 2020. If your hire workers from an empowerment zone, check to see if an amended return should be filed.

EXPENSING RULES FOR CERTAIN QUALIFIED FILM AND TELEVISION AND LIVE THEATRICAL PRODUCTIONS RETROACTIVELY EXTENDED THROUGH DEC. 31, 2020

A taxpayer may elect to treat the cost of any qualified film or television production, and any qualified live theatrical production, as an expense which is not chargeable to capital account. Any cost so treated is allowed as a deduction. This election does not apply to so much of the aggregate cost of any qualified film or television production or any qualified live theatrical production that exceeds $15,000,000. This amount increases to $20,000,000 if produced in a low-income community or a distressed county.
No other deduction or amortization deduction allowable. With respect to the basis of any qualified film or television production or any qualified live theatrical production to which an election is made, no other depreciation or amortization deduction is allowable.

Amended return. The expensing rules for certain qualified film and television and live theatrical productions had expired Dec. 31, 2017. The expiration is now Dec. 31, 2020. If you produce film and television, and live theater, check to see if an amended return should be filed.

3-YEAR RECOVERY PERIOD FOR RACE HORSES RETROACTIVELY EXTENDED THROUGH DEC. 31, 2020

The term “3-year property” includes any race horse which is placed in service before Jan. 1, 2021 and which is more than two years old at the time such horse is placed in service by the purchaser. It also includes any horse other than a race horse which is more than 12 years old at the time it is placed in service.

Amended return. The 3-year recovery period for race horses had expired Dec. 31, 2017. The expiration is now Dec. 31, 2020. If you have race horses, check to see if an amended return should be filed.

7-YEAR RECOVERY PERIOD FOR MOTORSPORTS ENTERTAINMENT COMPLEXES RETROACTIVELY EXTENDED THROUGH DEC. 31, 2020

The term “motorsports entertainment complex” means a racing track facility which is permanently situated on land, and during the 36-month period following the first day of the month in which the asset is placed in service, hosts one or more racing events for automobiles (of any type), trucks, or motorcycles which are open to the public for the price of admission. The term Motorsports Entertainment Complex does not include any transportation equipment, administrative services assets, warehouses, administrative buildings, hotels, or motels.

Amended return. The 7-year recovery period for motorsports entertainment complexes had expired Dec. 31, 2017. The expiration is now Dec. 31, 2020. If you have a motorsports entertainment complex, check to see if an amended return should be filed.

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CONTACT US

Many events can affect your tax situation. With proper planning you can avoid negative tax effects. Please contact us in advance if you experience the following:

- Pension or IRA distributions.
- Sale or purchase of a residence or other real estate.
- Significant change in income or deductions.
- Retirement.
- Job change.
- Notice from IRS or other revenue department.
- Marriage.
- Divorce or separation.
- Attainment of age 59 ½ or 70 ½.
- Self-employment.
- Sale or purchase of a business.
- Charitable contributions of property in excess of $5,000