On December 19th, 2019, the President signed into law the *Further Consolidated Appropriations Act, 2020*. This Act not only prevented a government shutdown, but also passed many tax provisions.

Extenders
The Act passed the following:

- Retroactive reinstatement for the mortgage insurance premium (PMI) deduction and is extended through 2020.
- Retroactive reinstatement for the exclusion of qualified mortgage debt and is extended through 2020.
- Retroactive reinstatement for the above-the-line qualified tuition and related expenses deduction and is extended through 2020.
- Retroactive reinstatement for the construction of energy efficient homes and is extended through 2020.
- The medical expenses deduction returns to 7.5% for 2019 and 2020.
- The employer credit for paid family and medical leave and the work opportunity credit has been reinstated for 2020.

Repeal of three Affordable Care Act provisions
In addition, the Act repeals three ACA-related taxes:

1. The 2.3% excise tax on medical devices will be repealed starting on Jan. 1, 2020.
2. The excise tax on high-cost employer-sponsored health plans, also known as the“Cadillac Tax” will be repealed starting on Jan. 1, 2020.
3. The excise tax on health insurance providers, known as the Health Insurance Tax, will be repealed starting on Jan. 1, 2021.

Changes to retirement plans
The Act also included the SECURE Act. Starting in 2020, the age for required minimum distributions will be 72. The Act also removes the age limit for contributions to traditional IRAs.

This legislation does not affect the rules for 2019. If you’re at least 70½ in 2019, you must take a required minimum distribution. And you’re not allowed to make contributions to your traditional IRA for 2019 after age 70½.

In addition, starting in 2020, new parents can take penalty-free distributions from a 401(k), IRA or another qualified retirement plan within a year after a birth or adoption.

The Act eliminated the “stretch IRA,” which allowed beneficiaries of IRAs and qualified plans to withdraw all money from inherited accounts over their lifetime. Starting in 2020, distributions must be taken with ten years.

Disaster penalty relief

For retroactive relief, starting Jan 1. 2018, through Feb. 20, 2020, the Act allows individuals who suffer losses in qualified disaster areas to take up to $100,000 from tax-favored retirement plans to help pay for recovery costs without being subject to the 10 percent early withdrawal penalty. The Act also provides an automatic 60-day filing extension; therefore, tax professionals no longer have to wait for the IRS to issue relief rules.