



The Association of
Accountants and
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in Business

WINNEBAGOLAND CHAPTER

Turning Planning Into Opportunity

Presented by:

Barb Gonnering, CPA & Abby Liebergen, CPA Wipfli LLP



January 19th, 2021 5:00PM

Housekeeping



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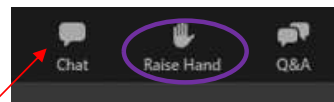
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Turning tax planning into opportunity

2020 in review – An accounting and tax
update

WIPFLI

Your presenters

Jeremy Gritton

Audit manager, CPA

- Manager in Wipfli's advisory group, specializing in the manufacturing & distributions industry
- Provides audit, review, and compilation services to closely held businesses; sits on Wipfli's Paycheck Protection Program technical committee

Barb Gonnering

Tax senior manager, CPA

- Senior manager in Wipfli's tax group, specializing in the manufacturing and transportation industries
- More than 13 years of experience dedicated to providing clients with full-service tax solutions

Abby Liebergen

Tax senior manager, CPA

- Senior manager in Wipfli's tax group specializing in the auto dealership industry along with other retail businesses
- Expertise in accounting, consulting, tax compliance and planning

Melissa Smith

Tax manager, CPA

- Manager in Wipfli's tax group specializing in the manufacturing industry
- Delivers full-service tax planning and consulting services to her clients

The

Wipfli

Way



Wipfli at-a-glance

- Employs over 2,000 associates
- Has approximately 250+ partners
- Serves more than 60,000 clients
- A market-driven organization focused on a commitment to go to market through industry specialization
- Serves small, medium and large closely held, privately owned businesses as well as public companies

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- Is ranked in the top 20 among America's 100 largest public accounting firms



Polling Question #1

- What are you most interested in hearing about today?
 - ▶ Accounting Principles
 - ▶ Business Tax Updates
 - ▶ Individual Tax Updates
 - ▶ Payroll Protection Program
 - ▶ Proposed Tax Reform

Agenda

- Topics to be covered include:
 - ▶ General Accounting Update
 - New items for 2020 and things to consider for 2021
 - ▶ Business Tax Highlights
 - Brief overview of 2020 compliance season and key provision of new legislation passed to assist businesses
 - ▶ Individual Tax Highlights
 - Applicability of new legislation and overview of 2020 tax compliance
 - ▶ A look into the future of 2021
 - What can you do now to plan for a successful year



General Accounting Updates

Jeremy Gritton

“There’s more going on than just the PPP?
Tell me what those hot topics are!!”

- ASC 842

- ▶ Effective for nonpublic companies for annual periods beginning after December 15, 2021
- ▶ All leases with terms > 12 months recognized on the balance sheet
- ▶ Still two types of leases – operating and finance (f/k/a capital)
- ▶ Expense recognition of leases should be similar
 - Finance lease – Asset amortization and interest expense
 - Operating lease – Lease (rent) expense on a straight-line basis

- Cybersecurity

- ▶ Awareness. Awareness. Awareness.

An aerial photograph of a winding road through a dense forest, tinted in a solid blue color. The road curves through the trees, creating a series of loops and turns. The overall image has a monochromatic blue aesthetic.

Business Tax Highlights

Barb Connering

General Tax Depreciation Incentives for 2020

- Section 179 Limits – Allows for full expensing of fixed asset additions in year placed in service
 - ▶ 2020 Section 179 deduction limit - \$1,040,000
 - ▶ Qualifying Property – Machinery, office furniture and fixtures, computers and software, vehicles
 - ▶ Current year deduction is limited by taxable income; remainder will carry forward
 - ▶ Allowed for Wisconsin, but should consider interplay with manufacturing credit (if applicable)
- Bonus Depreciation – Allows taxpayers to expense a specified percentage of the cost of fixed asset additions. Currently 100% bonus depreciation, with sunset plans
 - ▶ Qualifying Property – Machinery, office furniture and fixtures, computers and software, vehicles
 - ▶ Available for new and used fixed assets
 - ▶ No limit to bonus depreciation
 - ▶ Not allowed for Wisconsin

IRC Section 139 – Disaster Relief Payments

- Amounts received by a taxpayer as a qualified disaster relief payment are not included in gross income
- Qualifying disaster relief payments are deductible by the employer
- Qualified disaster relief payment:
 - ▶ Reimburse or pay personal expenses as a result of a qualified disaster;
 - ▶ Reimburse or pay expenses incurred for the repair of personal residence damaged by qualified disaster;
 - ▶ By a person engaged in furnishing or sale of transportation as a common carrier by reason of the death or injury incurred as a result of qualified disaster
 - ▶ Amount paid by Federal, State or local government in connection with a qualified disaster.

2020 Stimulus Packages

- Coronavirus Aid, Relieve, and Economic Security (CARES) Act
 - ▶ \$2.2 Trillion economic stimulus
 - ▶ Passed and signed into law March 27, 2020
- Consolidated Appropriations Act (CAA) of 2021
 - ▶ \$2.3 Trillion spending bill; including \$900 billion in stimulus relief
 - ▶ Passed and signed into law December 27, 2020

CARES Act Highlights

■ Depreciation - QIP (“Retail Glitch”) Fix

- ▶ Qualified improvement property is defined as any **improvement made by the taxpayer to an interior portion of a building** which is nonresidential real property, if such improvement is placed in service after the date such building was first place in service
- ▶ Provides that QIP assets placed in service in 2018 or 2019 are retroactively assigned a 15-year depreciable life (20 years ADS)
- ▶ QIP assets are also retroactively eligible for 50% or 100% bonus depreciation
 - Depending on the date the QIP was both acquired and placed in service (post-9/27/17)
- ▶ Trap for the unwary
 - Taxpayers that had QIP placed in service in 2018 or 2019 and are depreciating it as real property (27.5 years, 39 years, 40 years) **MUST** do something
 - Simply continuing to depreciate that QIP as real property is **NOT** an option
 - Remaining tax basis will be treated as \$0 and no further depreciation allowed

CARES Act Highlights - continued

- IRC Section 163(j) – Business interest limitations
 - ▶ Several *temporary* pro-taxpayer changes made to Sec. 163(j):
 - Automatic increase in limitation from 30% to 50% of adjusted taxable income (ATI) for all taxpayers *except partnerships*
 - The 30% limitation is automatically increased to 50% of ATI for tax years beginning in 2019 and 2020; taxpayers can elect out of this increase for 2019 and/or 2020
 - ▶ Automatic increase in limitation *for partnerships*
 - For tax years beginning in 2019 the 30% limitation continues to apply
 - For tax years beginning in 2020 the 30% limitation is automatically increased to 50%, unless partner elects out
 - ▶ All taxpayers can use their 2019 ATI to calculate their 2020 Sec. 163(j) limitation

CARES Act Highlights - Continued

- Net Operating Losses

- ▶ Five Year Carryback now available for tax years starting in 2018, 2019, and 2020
- ▶ Carryback is mandatory for taxpayers that do not timely elect to forego the carryback period.
 - Must be attached to timely filed return for the first taxable year ending after 3/27/20

- Excess Business Losses (Individuals)

- ▶ Temporary Suspension of Excess Business Loss Rules
- ▶ CARES Act repeals the limitation for years beginning before Jan. 1, 2021
- ▶ The repeal is nonelective
- ▶ Any taxpayer with an excess business loss in 2018 or 2019 will need to amend their return to claim that loss

CARES Act Highlights – Continued

■ Deferred Payment of Employer FICA

- ▶ The employer portion of the 6.2% Social Security tax on wages is deferred
 - Applies to wages paid from March 27, 2020 to December 31, 2020
 - 50% due on December 31, 2021 and 50% due on December 31, 2022
 - Must consider timing of the deduction for income tax purposes

■ Executive Order – Payroll Taxes

- ▶ Executive order temporarily delaying the withholding, deposit, and payment of the employee contribution of Social Security payroll taxes from September 1, 2020 through December 31, 2020
 - Applicable to those employees that make under \$104,000 annually
 - It is not mandatory for businesses to participate
 - Taxes are only deferred and not eliminated; postponed until January 1 – April 30, 2021

CARES Act Highlights – Continued

- Families First Coronavirus Response (FFCRA) Act - Modifications to Emergency Sick Leave
 - ▶ Full-time employees of companies with less than 500 employees and government employees are provided up to 80 hours of emergency paid leave.
 - ▶ Employees eligible for emergency paid leave can receive the lesser of their regular pay or \$511 per day (maximum of \$5,110 per affected employee):
 - Employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis
 - Employee has been advised by a health care provider to self-quarantine due to concerns related to COVID-19
 - Employee is subject to a federal, state, or local quarantine or isolation order related to COVID-19

FFCRA - Modifications to Emergency Sick Leave

- Employees in the following qualifying circumstances can receive the lesser of 67% of their regular pay or \$200 per day (maximum of \$2,000 per affected employee):
 - ▶ Employee is caring for an individual who is subject to quarantine or self-quarantine as above
 - ▶ Employee is caring for his or her child if the school or place of care of the child has been closed, or the childcare provider is unavailable, due to COVID-19 precautions
 - ▶ The employer of an employee who is a health care provider or an emergency responder may elect to exclude such employee from these provisions
- Employees eligible for emergency paid leave also may qualify for the new Family and Medical Leave Expansion Act expansion (FMLA) of paid leave (for weeks three through twelve)

FFCRA Act - Modifications to Paid Family Medical Leave Act

- Refundable tax credits to employers equal to the mandated benefits to compensate employers for payments made to affected employees.
 - ▶ applied against the employer's share of FICA and Medicare tax liability for the quarter in which the sick leave pay is paid
- Self-employed taxpayers are allowed a credit against self-employment tax.
 - ▶ Subject to the daily limit of 67% of average daily self-employment income, or \$200

CARES Act Highlights - Continued

- Employee Retention Credit

- ▶ Refundable payroll tax credit equal to 50% of qualified wages
- ▶ Paid by eligible employers from March 13, 2020, to Dec. 31, 2020
- ▶ Eligible Employers:
 - Operations were fully or partially suspended due to a COVID-19-related shutdown order; or
 - Gross receipts declined by more than 50% when compared with the same quarter in the prior year
 - Remains an eligible in subsequent quarters until gross receipts exceed 80% of gross receipts compared with the same quarter for the prior year
- ▶ The Credit is limited to \$10k of wages per worker

Consolidated Appropriation Act Highlights

- Employee Retention Credit – *Extended and Updated*
 - ▶ Refundable payroll tax credit equal to **70%** of qualified wages
 - ▶ Paid by eligible employers from January 1, 2021, to **June 30, 2021**
 - ▶ Eligible Employers:
 - Operations were fully or partially suspended due to a COVID-19-related shutdown order; or
 - Gross receipts declined by more than **20%** when compared with the same quarter in the prior year or 2019
 - ▶ The Credit is limited to **\$7k** of wages per worker per *qualifying quarter*
 - ▶ Increase from 100-employee delineation for determined qualifying wages to employers with 500 or fewer employee
- Clarifies employers who receive PPP loans may still qualify for employee retention credit

CAA Highlights – Continued

- Second Round of PPP Funding + Forgiven Loans not included in taxable income; no deductions denied as a result
- \$15B Shuttered Venue Grants
- Additional opportunity for Economic Injury Disaster Loan (EIDL) Grants



Paycheck Protection Program

Barb Connering

Payroll Protection Program (PPP)

- The Paycheck Protection Program provides loans to help businesses keep their workforce employed during the Covid-19 crisis
 - ▶ [First Draw PPP Loans](#) for first time program participants
 - ▶ [Second Draw PPP Loans](#) beginning January 13, 2021 for certain businesses who have previously received a PPP loan
- The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. PPP Loans can be used to help fund payroll costs, including benefits, and may also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.
- SBA will [forgive loans](#) if all employee retention criteria are met, and the funds are used for eligible expenses.

Payroll Protection Program (PPP) - Additional Covered Expenses

- Retroactive to enactment of CARES Act, CAA expands covered costs to include-
 - ▶ payment for any software or cloud computing services, employer personal protection equipment and similar costs
 - ▶ employer personal protection equipment and similar costs
 - ▶ purchases of essential business goods and supplies on contracts entered into before start of PPP covered period, and
 - ▶ any property damage incurred due to public disturbances that are not otherwise covered by insurance
- Clarifies, retroactively, that group life, disability, vision and dental insurance are health benefits to be included in payroll costs.

Deductibility of PPP Funded Expenses

- COVID Relief Act overturns IRS Rev Rul 2020-27
 - No deduction shall be denied, no tax attribute shall be reduced, and no basis increase denied, by reason of exclusion from gross income due to Section 1106 of CARES Act
 - In the case of a partnership or S corporation, any amount excluded shall be treated as tax exempt income for purposes of IRC section 705 and 1366
 - For a partnership the allocation of tax exempt income must match the allocation of related expenses
 - Wisconsin has not yet overruled IRS Rev Ruling 2020-27
- Deductibility of expenses will also apply to other programs - PPP Second Draw, EIDL grants and advances, SBA loan relief payment, and Shuttered Venue grants

PPP Second Draw

- Second Draw borrowers must prove a revenue reduction of at least 25% in any quarter between 2019 and 2020
- Certain businesses eligible for Second PPP loan- 501(c)(6) organizations now eligible
 - ▶ Not more than 300 employees (exception for NAICS 72 business with multiple locations)
 - ▶ Received and have used or will use full amount of first PPP loan
 - ▶ Must show at least a 25% reduction in gross receipts for any 2020 quarter as compared to comparable quarter in 2019
- NAICS 72 (hotels and restaurants) can get up to 3.5 times average monthly payroll
- Maximum loan \$2M
- Expanded list of ineligible entities- including Shuttered Venue grantees

Integration – Employee Retention Tax Credit (ERTC)

- Retroactive to March 2020, PPP recipients can now claim the Employee Retention Tax Credit
 - ▶ No change to calculation for limits for 2020- \$5,000 for qualified employee
 - ▶ ERTC also extended for 6 months- expanded eligibility and employee limits
- Not allowed to count the same wages for PPP and ERTC
 - ▶ Can elect to not count wages for ERTC purposes
 - ▶ No guidance on what to do on previously filed loan forgiveness applications.
- Procedures to be issued to provide how to claim credits for earlier 2020 quarters.

Polling Question # 2

- What tax item impacts you or your clients the most?
 - ▶ 163(j) limitations
 - ▶ PPP Forgiveness
 - ▶ Depreciation allowances
 - ▶ Employee Retention Credit

An aerial photograph of a winding road through a dense forest, overlaid with a blue tint. The road curves through the trees, creating a path that leads the eye across the frame. The text 'Individuals' is overlaid on the left side of the image.

Individuals

Abby Liebergen

Wipfli Tax Update 2020

- Topics to be covered:
 - ▶ Tax Rates and Deadlines
 - ▶ Economic Impact Payments (Stimulus Payments)
 - ▶ SECURE Act Provisions
 - ▶ CARES Act Provisions
 - ▶ Charitable Contributions

Tax Rates and Due Dates

- Tax Rates

- Due Dates

- ▶ S Corps/Partnerships

- March 15th, 2021

- ▶ Individuals/C Corps

- April 15th, 2021

Single filing				
Taxable Income is over	But not over	The tax is	+	Of the amount over
-	\$9,875	10%	-	-
\$9,875	\$40,125	\$987.50	12%	\$9,875
\$40,125	\$85,525	\$4,617.50	22%	\$40,125
\$85,525	\$163,300	\$14,605.50	24%	\$85,525
\$163,300	\$207,350	\$33,271.50	32%	\$163,300
\$207,350	\$518,400	\$47,367.50	35%	\$207,350
\$518,400	-	\$156,235.00	37%	\$518,400

Married filing jointly or surviving spouse				
Taxable Income is over	But not over	The tax is	+	Of the amount over
-	\$19,750	10%	-	-
\$19,750	\$80,250	\$1,975.00	12%	\$19,750
\$80,250	\$171,050	\$9,235.00	22%	\$80,250
\$171,050	\$326,600	\$29,211.00	24%	\$171,050
\$326,600	\$414,700	\$66,543.00	32%	\$326,600
\$414,700	\$622,050	\$94,735.00	35%	\$414,700
\$622,050	-	\$167,307.50	37%	\$622,050

Economic Impact Payments (Stimulus Payments)

- Round One
 - ▶ \$1,200 (2,400 MFJ)
 - ▶ \$75,000 (\$150,000 MFJ) AGI, 5% decrease for AGI over limits
 - ▶ Plus \$500 for each qualifying child
- Round Two
 - ▶ \$600 (1,200 MFJ)
 - ▶ Plus \$600 for each qualifying child
- Notices of each payment received should have been mailed to last known address

Economic Impact Payments (Stimulus Payments)

- The payments will not be included in gross income or affect your income for eligibility for government assistance or benefit programs
- No provision requiring an amount to be paid back if you no longer qualify
 - ▶ 2018-2019 qualified child turns 17 during 2020
 - ▶ 2020 you do not claim a dependent previously claimed
- Family of deceased recipients can not keep payment, even with surviving spouse

Recovery Rebate Credit

- Individuals who received the full amounts of both Economic Impact Payments do not need to complete any information about the Recovery Rebate Credit on their 2020 tax returns.
- Must file a 2020 tax return in order to claim the credit
- Complete Recovery Rebate Credit worksheet
- Any amount owed to taxpayer will go to Line 30 on 2020 Form 1040, treated as a tax payment and is refundable

SECURE ACT

- Elimination of Stretch IRAs
- RMDs - 72 is the new 70 & 1/2
- Traditional IRA Contributions after age 70 & 1/2

SECURE Act

- Elimination of Stretch IRAs

- ▶ Prior law: A retirement plan owner could leave their IRA or qualified retirement plan benefits to their children, grandchildren, or great-grandchildren.
 - After the death of the retirement plan owner the beneficiary would be required to take minimum taxable withdrawals over his or her remaining life expectancy.
- ▶ In general, for decedents who die after December 31, 2019, inherited IRAs or defined contribution plans must be distributed by the end of the tenth calendar year following the year of the plan owner's death.

SECURE Act

- Elimination of Stretch IRAs (cont.)
 - Exceptions if the beneficiary is the surviving spouse, a disabled or chronically ill individual, a child of the plan owner who has not reached the age of majority, or another individual not more than 10 years younger than the decedent.
 - Non-person beneficiaries like charities, estates, and certain trusts are still required to distribute the account over a five-year period.

SECURE Act

- Elimination of Stretch IRAs (cont.)
 - ▶ Why do we care?
 - Lose opportunity for extended tax-deferred growth.
 - Lose a level of spendthrift and asset protection benefits for beneficiaries.
 - Income compressed into fewer years.

SECURE Act

- RMDs – 72 is the new 70 ½
 - ▶ Required beginning date is now April 1 of the year following the calendar year in which the individual turns 72.
 - Prior law was April 1 of the year following the calendar year in which the individual turns 70 ½.
- Traditional IRA Contributions After 70 ½
 - ▶ Under the SECURE Act, you may continue to contribute to your traditional IRA past age 70 ½, as long as you are still working.

CARES Act

- Withdrawals from Qualified Retirement Plan Accounts
- Loans from Retirement Plans
- RMDs
- Student Loan Payments by Employers
- Charitable Contributions

CARES Act

- Withdrawals from Qualified Retirement Plan Accounts.

- ▶ Pre-CARES Act Rules:

- A 10% excise tax applies to distributions taken before age 59 ½ from qualified retirement arrangements, including IRAs and qualified plans.
 - Section 72(t) includes a list of exemptions from the excise tax, which include:
 - Post-death distributions.
 - Distributions attributable to the employee or account owner becoming disabled.
 - Distributions that are part of annuity distributions over the life of the employee or account owner or the joint lives of the individual and a designated beneficiary.

CARES Act

- Withdrawals from Qualified Retirement Plan Accounts.
 - ▶ The 10% early withdrawal penalty does not apply to any coronavirus-related distributions of up to \$100,000 made during 2020 to a qualified individual.
 - To be a qualified individual one must have had a coronavirus-related diagnosis based on a CDC-approved test, a spouse or dependent with such a diagnosis, or have experienced certain coronavirus-related adverse financial consequences.
 - [IRS Notice 2020-50](#) adds reductions in pay or self-employment income, job offer rescissions, and delayed job start dates to the statutory list of qualifying adverse financial consequences.
 - ▶ Recontributions made within 3 years of the distribution date are treated as a rollover distribution made with 60 days.
 - Reported on Form 8915-E.

CARES Act

- Withdrawals from Qualified Retirement Plan Accounts (cont.)
 - ▶ Coronavirus-related distributions are included in gross income ratably over the three-tax-year period beginning with the tax year of distribution.
 - ▶ A taxpayer may elect to include the entire distribution in income in 2020.
 - Such an election cannot be changed after the timely filing (including extensions) of the individual's 2020 federal return.
 - ▶ Still relevant for planning purposes, as many are still being impacted by virus.

CARES Act

- Loans from Retirement Plans
- Pre-CARES Act
 - ▶ Individuals were able to take plan loans up to the lesser of \$50,000 or 50% of their vested plan balance.
- CARES Act Change
 - ▶ Between March 22, 2020, and September 22, 2020, individual were able to take plan loans up to the lesser of \$100,000 or 100% of their vested plan balance.

CARES Act

- Loans from Retirement Plans
- CARES Act Change
 - ▶ For qualified individuals, any loan repayments otherwise coming due from March 27, 2020, through December 31, 2020, may be delayed for one year.
 - Qualified individual standard is the same as for the 10% penalty tax waiver.
 - Interest continues to accrue during the deferral period.

CARES Act

- RMDs

- ▶ Requirement to take an RMD for 2020 is waived.

- Includes individuals that turned 70 ½ in 2019.
 - Relief provided for those that previously took RMDs for 2020, but distribution needed to be rolled back into the account by August 31.
 - Only the RMD can be rolled back.
 - Rollovers by August 31 treated as having been made within the 60-day period. Can roll after 8/31 but need to meet 60-day test.
 - Not subject to the one rollover per 12-month period limit.
 - Also applies to inherited IRAs.

CARES Act

- Student loan payments by employers
 - ▶ Eligible student loan repayments were added to the educational assistance payments in Section 127 and can be tax-free to the employee.
 - Applies to payments made through December 31, 2020.
 - Expands the payments excluded by Section 127 to include student loan repayments.
 - Subject to the \$5,250 annual cap that applies under Section 127.
 - Payments must be made pursuant to a separate written plan and can't discriminate in favor of highly-compensated employees or their dependents and may not be made in lieu of cash compensation.

CARES Act

- Charitable Contributions

- ▶ Individuals claiming the standard deduction in 2020 can claim an above-the-line deduction for up to \$300 for cash contributions to (generally) public charities.
- ▶ For 2020 cash contributions to (generally) public charities the previous 60% of modified AGI is increased to 100% of modified AGI.
 - Does not apply to property contributions.
 - Does not apply to contributions to Donor Advised Funds and private foundations.
 - Run the numbers. Contributing 100% of AGI will result in losing the benefit of some of their itemized deductions.

CARES Act

- Charitable Contributions (cont)
 - ▶ For corporations the deduction limit on charitable contributions is raised from 10% of modified taxable income to 25%.
 - ▶ For contributions of food inventory made in 2020, the deduction limitation increases from 15% to 25% of taxable income for C corporations and, for other taxpayers, from 15% to 25% of the net aggregate income from all businesses from which the contributions were made.

Charitable Contribution Deduction Issues

- Substantiate Charitable Deduction
- Form 8283 for Contribution Carryovers
- Qualified Appraisals

Charitable Contribution Deduction Issues

- Substantiation of Charitable Deduction
 - ▶ Proper documentation is key to sustaining a deduction. The Courts have been very strict (and harsh IMO) in disallowing contribution deductions due to the lack of proper documentation.
 - In *Durden*, the Tax Court disallowed over \$20K in claimed donations to the taxpayers' church because the acknowledgement letter from the church did not include the required "no goods or services were provided" language.
 - A subsequent letter that contained the required language was ruled not contemporaneous.

Charitable Contribution Deduction Issues

- Substantiation of Charitable Deduction
 - ▶ Contributions of \$250 or more
 - Contemporaneous written acknowledgement required from the charity.
 - The acknowledgement must state that no goods or services were received in exchange for the donation (with the possible exception of intangible religious benefits), or, alternatively, include a description and good faith estimate of the value of such goods or services.
 - Donor must also keep records of the donation including cancelled check, bank statement or copy of credit card statement.

Charitable Contribution Deduction Issues

- Substantiation of Charitable Deduction
 - ▶ Donations of Tangible Personal Property or other non-cash donations with a value in excess of \$5,000 generally require a qualified appraisal.
 - Exceptions for:
 - Donations of publicly-traded stock.
 - Donation of a qualified vehicle, if:
 - The vehicle is sold by the charity without intervening or improvement, and,
 - The contemporaneous written acknowledgement is provided to the donor and attached to the tax return.

Charitable Contribution Deduction Issues

- Substantiation of Charitable Deduction
 - ▶ A qualified appraisal is an appraisal prepared by a qualified appraiser in accordance with generally accepted appraisal standards.
 - ▶ *The qualified appraisal must* include the following information about the contributed property:
 - A description in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the appraised property is the contributed property.
 - In the case of real property or tangible personal property, the condition of the property

Charitable Contribution Deduction Issues

- Substantiation of Charitable Deduction
 - ▶ A qualified appraisal is an appraisal prepared by a qualified appraiser in accordance with generally accepted appraisal standards.
 - ▶ *The qualified appraisal must* include the following information about the contributed property (cont):
 - must be signed and dated by the qualified appraiser no earlier than 60 days before the date of the contribution and no later than the due date, including extensions, of the return for the year in which the contribution is made.
 - The fair market value, within the meaning of §1.170A-1(c)(2), of the contributed property on the valuation effective date.

Charitable Contribution Deduction Issues

- Form 8283 for Contribution Carryovers
 - ▶ Situation: A non-cash donation requiring a Form 8283, and possibly a qualified appraisal, was limited in the year of the donation, and the unused contribution deductions carries over to a later year.
 - Final regulations under section 170 were issued in 2018 providing that “the requirements for substantiation that must be submitted with a return also apply to the return for any carryover year under section 170(d).”
 - ▶ What it means: Both Form 8283 and a qualified appraisal need to be attached to a tax return filed for a year to which the contribution carryover flows.
 - Safer to attach even if the contribution carryover isn’t being used in a year.

Polling Question # 3

- What tax item impacts you or your clients the most?
 - ▶ Waiver of required minimum distribution
 - ▶ Potential recovery rebate credit
 - ▶ Student loan payment

An aerial photograph of a winding road through a dense forest, tinted in a solid blue color. The road curves through the trees, creating a path that leads the eye across the frame. The text 'Potential Tax Reform' is overlaid on the upper left portion of the image.

Potential Tax Reform

Abby Liebergen

What needs to happen for a tax law change

- Tax bills are voted on by the House of Reps (Dem) and Senate (Rep)
 - ▶ House of Reps (222 Dem vs 211 Rep)
 - ▶ Senate (50 Dem vs 50 Rep)
 - ▶ Both need to vote to approve
- If voted to approve by both the bill will go to the President
 - ▶ If signed it becomes law
- If approved by House, Senate and the President...changes likely not to be put in place prior to 2021 tax year

President-Elect, Joe Biden's Tax Proposals (Individuals)

- Increased tax rate from 37% to 39.6% (top income tax rate)
- Social Security payroll tax to earnings above \$400,000
- Removal of QBI for taxpayers with income greater than \$400,000
- Capital gains and qualified dividends at ordinary rates
- Implement caps on itemized deductions
- Remove step-up basis
- Additional credits for home buyers
- Increases to child and dependent care tax credits

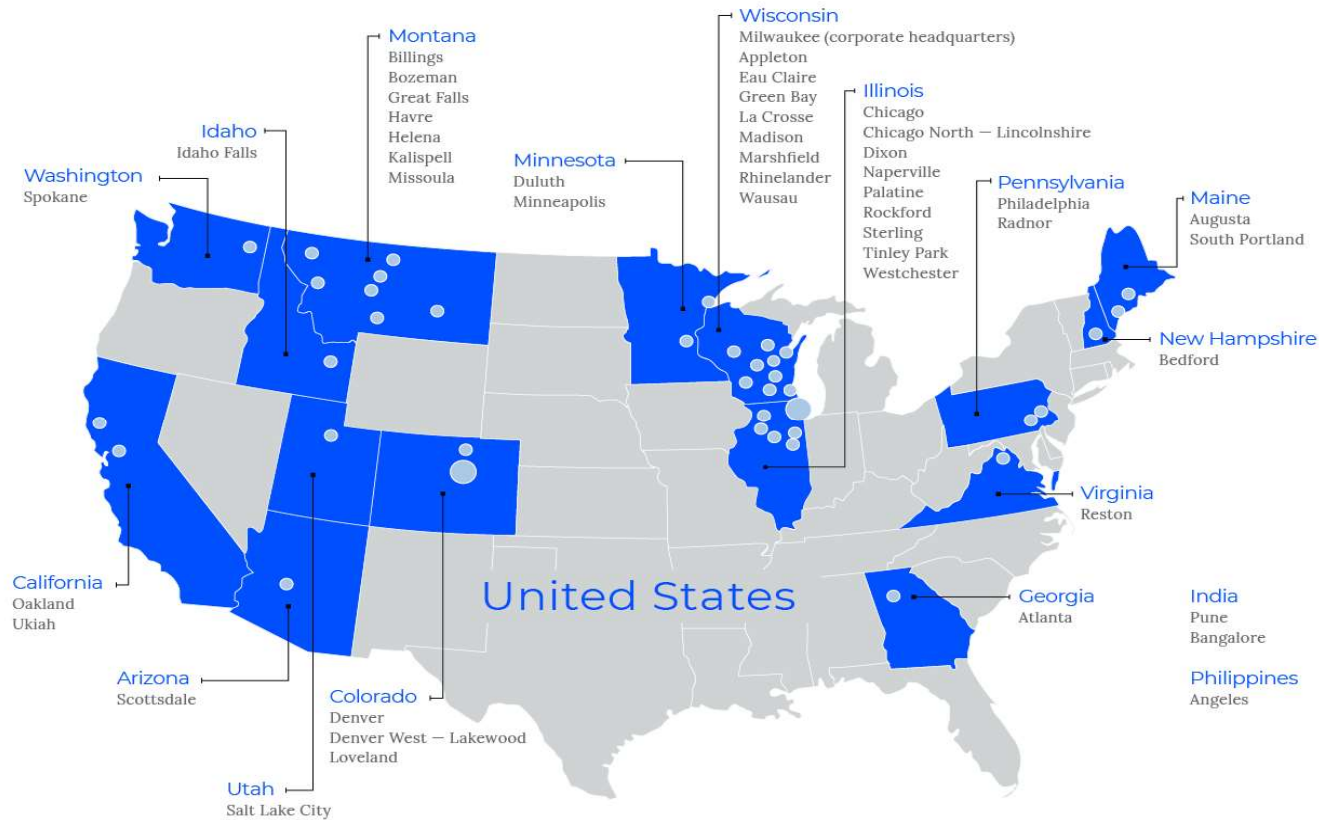
President-Elect, Joe Biden's Tax Proposals (Corporation)

- Increased tax rate from 21% to 28%
- Corporate minimum tax on book income of \$100M or higher
- 21% global intangible low taxed income (GILTI) rate, reduce incentives for “evasion and outsourcing”
- \$700b to boost US manufacturers, spur demand for US products, materials, services & breakthrough technologies
- \$2t for infrastructure, clean energy

Polling Question # 4

- When thinking about potential tax reform:
 - ▶ I think tax rates will likely rise for 2021
 - ▶ I think tax rates will rise, but not in 2021
 - ▶ No, I don't think tax rate increases will occur within the next four years

Questions???



Please feel free to reach out!

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Mid-America Council Meeting

- Saturday, January 23rd
- Starts at 9AM
- WebEx
- Register at <https://midamerica.imanet.org/>



The Association of
Accountants and
Financial Professionals
in Business

MID-AMERICA REGIONAL COUNCIL

Upcoming Winnebagoland Events

2/16/21	Business Implications of the COVID Pandemic (<i>format TBD</i>)
3/17/21	Cultivating a Bias-Free Workplace (<i>WebEx</i>)
4/13/21	Menasha Utilities Tour & Sustainability with Focus on Energy
5/18/21	Identity Theft: Protect & Prevent

Session descriptions, speaker bios, and registration instructions can be found on our website
www.winnebagoland.imanet.org

Planning will begin for the 2021-2022 year shortly. Send us your topic or speaker ideas!



Other CPE Opportunities

- Visit <http://linkup.imanet.org/events> to see upcoming events hosted by chapters/councils worldwide (so watch the time zones)!
- <https://www.imanet.org/education-center> is a one stop shop for the various courses, webinars, certificates, and events sponsored by IMA



January Events (all times CT)

Wed Jan 20th

- Who Do You Trust? (Ethics) – South Bay Chapter (CA) – 8PM
- Managing Supply Chain Compliance – Raritan Valley Chapter (NJ) – 6PM

Thurs Jan 21st

- 2021 Federal & State Technology Policy Issues – Madison Chapter (WI) – 12PM
- Current Tax Issues and Planning Strategies in light of the COVID-19 Pandemic – St Joseph Pony Express Chapter (MO) – 5:30PM
- The Impact of Recent Legislation and Litigation on ERISA Retirement Plans/Forensic Accounting at SA Police Dept – San Antonio Chapter (TX) – 6PM
- Communication & Cybersecurity – DFW Chapter (TX) – 6PM

Wed Jan 27th

- Metropolitan Airports Commission Update – Minneapolis Chapter (MN) – 6:30PM



February Events (all times CT)

Tues Feb 2nd

- Embracing Change – Tampa Bay Chapter (FL) – 11AM

Tues Feb 9th

- Reinventing yourself in the Post-Pandemic Era – Long Island Chapter (NY) - 4:45PM

Wed Feb 10th

- Federal Accounting for Climate Related Events – Nation's Capital Chapter (DC) – 5PM
- Professional Designations: What You Need to Know – New Hampshire Chapter (NH) – 5PM

Thurs Feb 11th

- Student Night: A Typical Work Day for a Management Accountant – San Diego Chapter (CA) – 8PM



Other Questions? Comments?

- Visit our © 2021 to keep up to date on chapter news and events
www.winnebagoiland.imanet.org
- Send us a note at winnwire@gmail.com

Thank You For Attending Tonight's Meeting!

