

KEY 2020 CARES ACT PROVISIONS

RECOVERY REBATES

- Refundable income tax credit against 2020 income of up to \$2,400 for married couples filing a joint return. All other filers begin with a refundable credit of up to \$1,200. The credit amount then increases by up to \$500 for each child a taxpayer has under the age of 17.
- AGI threshold amounts: Married Joint, \$150,000; Head of Household, \$112,500; All Other Filers, \$75,000. Payment reduced by \$50 for every \$1,000 over threshold amounts.
- Individuals must have a work-eligible Social Security number (and not be claimed as a dependent), but they do not need to have had reportable income in 2019 and can also be eligible for other income-benefit programs as well.

CORONAVIRUS-RELATED DISTRIBUTIONS

- Coronavirus-Related Distributions are distributions of up to \$100,000, made from IRAs, employer-sponsored retirement plans, or a combination of both, which are made in 2020 by an individual who has been impacted by the Coronavirus.
- Distributions are exempt from the 10% penalty, not subject to mandatory withholding requirements, are eligible to be repaid over 3 years, and the income may be spread over 3 years.

OTHER PROVISIONS

- Required Minimum Distributions are waived in 2020, and taxpayers who have already taken their RMDs for 2020 have the option of returning them, if they so desire.
- 2020 is ignored for the purposes of the 5-Year Rule that applies to Non-Designated Beneficiaries (e.g., charities, estates, non-See-Through Trusts) who inherit a retirement account from decedents who die prior to reaching their required beginning date.
- New \$300 above-the-line deduction for "qualified charitable contributions", and the AGI limit for cash charitable contributions has been temporarily repealed.
- Student loan payments deferred until September 30, 2020, and employers can exclude student loan repayments from compensation.

UNEMPLOYMENT COMPENSATION BENEFITS

- 'Regular' Unemployment Compensation is 'bumped' by \$600 per week, and the benefit period is extended by 13 weeks.
- Unemployment benefit will be available the first week of unemployment, waiving the 'normal' one-week waiting period.

SMALL BUSINESS BENEFITS

- Certain small business can qualify for small business loans up to a maximum of the lesser of \$10 million, or 2.5x average payroll costs to cover payroll, rent, utilities, mortgage interest, group insurance premiums, etc.
- Such loans (which have a maximum interest rate of 4%) are eligible for full or partial forgiveness. Eligible amounts must be spent during the first 8 weeks after the loan is made if spent on payroll costs, rent, utilities, and group health insurance premiums, BUT business MUST maintain the same number of employees (subject to certain timeframes).
- Payroll tax credit for qualifying businesses not receiving a covered loan (above).
- Employers are eligible to defer payroll taxes from the date of enactment, through the end of the year, until the end of 2021 and 2022.