

Recovery Rebate

- There is a refundable income tax credit against 2020 income for both married couples who file jointly as well as those individuals filing by themselves. The credit for married couples can be as high as \$2,400, and for single filers it can be as high as \$1,200. Additionally, the credit amount increases by up to \$500 for each child a taxpayer has under the age of 17.
- There are however threshold amounts based on an individual's annual gross income. For married couples filing jointly, the threshold is \$150,000; for head of household the threshold is \$112,500; for all other filers the threshold is \$75,000. The tax credit is reduced by \$500 for every \$1,000 an individual or couple filing jointly earns over the respective threshold amounts.
- To be eligible for this tax credit, individuals must have a work-eligible Social Security number (and not be claimed as a dependent). However, they do not need to have had reportable income in 2019 and can also be eligible for other income-benefit programs.

Coronavirus-Related Distributions

- If an individual has been impacted by the Coronavirus, they will be eligible for Coronavirus-Related Distributions, which are distributions of up to \$100,000 in 2020 from their IRA, employer-sponsored retirement plan, or a combination of both.
- These 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

- The Required Minimum Distributions (RMDs) are waived in 2020. Taxpayers who have already taken their RMDs for this year have the option of returning them, if they would like.
- When it comes to the 5-Year Rule, which applies to non-designated beneficiaries (e.g., charities, estates, non-see-through trusts) who inherit a retirement account from descendants who die prior to reaching their required beginning date, 2020 will be ignored.
- There is a new \$300 above-the-line deduction for "qualified charitable contributions", and the annual gross income limit for cash charitable contributions has been temporarily repealed.
- Student loan payments are deferred until September 30, 2020. Additionally, employers can exclude student loan repayments from compensation.

Unemployment Compensation Benefits

- The standard unemployment compensation has been increased by \$600 per week, and the benefit period has been extended by 13 weeks.
- The one-week waiting period for unemployment benefits will be waived, meaning individuals will receive benefits the first week of unemployment.

Small Business Benefits

- Certain small businesses can now qualify for small business loans on a federal level up to a maximum of the lesser of \$10 million or 2.5 times average payroll costs to cover payroll, rent, utilities, mortgage interest, group insurance premiums, and more.
- These small business loans, which have a maximum interest rate of 4%, are eligible for full or partial forgiveness. Eligible amounts must be spent during the first eight weeks after the loan is made if it is spent on payroll, rent, utilities, and group health insurance premiums. However, the business must maintain the same number of employees (subject to certain time frames).
- There is a payroll tax credit for qualifying businesses not receiving a covered loan.
- Employers are eligible to defer payroll taxes from the date of enactment through the end of 2020 until the end of 2021 and 2022.