

S.3548 – Coronavirus Aid, Relief, and Economic Security Act - Tax Provisions

Senate Republicans and Democrats have unveiled legislation to provide emergency relief to workers, families, small businesses, and distressed industries. The full package is big, targeted, and will make a difference. **Here are the tax details.**

Key points:

- Workers, families, and small businesses come first.
- \$1,200 checks will be on their way to American families.
- Provides vast resources to keep small businesses open, including assistance with cashflow and providing credits for employers to keep employees on payroll.

What you need to know:

- **Money for American families.** This comes in the form of a one-time tax rebate check of \$1,200 per individual and \$500 per child for those with a valid SSN. There are no earned income or tax liability requirements to receive these rebate checks. The full rebate amount is available for those with incomes at or below \$75,000 for individuals, \$112,500 for head of household, and \$150,000 for married couples.
- **Loosens Rules on Retirement Accounts.** Older Americans that are subject to mandatory minimum distributions from their retirement accounts would be able to keep their capital invested instead of being forced to cash out to draw on that capital without penalty, which would be suspended for 2020. Similarly, the bill also waives the 10% penalty on coronavirus-related early distributions from 401(k)s and IRAs, which applies to distributions made at any time during 2020.
- **Provides Another Option for Employers to Keep Connected to Their Employees.** Employers of all sizes that face closure orders or suffer economic hardship due to the coronavirus crisis that continue to pay employees that are furloughed may be eligible for a 50% credit on up to \$10,000 of wages paid to those employees. This will help workers keep their jobs, help local businesses ride out this storm, and ensure that furloughed workers have jobs to return to.
- **Delays Payroll Tax Payments for Employers:** Employers would be able to delay the payment of their 2020 payroll taxes until 2021 and 2022, leading to approximately \$300 billion of extra cash flow for businesses.
- **Restores Supports for Businesses Suffering Losses:** The bill also allows businesses to carry back losses from 2018, 2019, and 2020 to the previous 5 years, which will allow businesses access to immediate tax refunds.
- **Encourages Businesses to Invest in Improvements:** The bill would fix cost recovery for investments in Qualified Improvement Properties, which will allow businesses that made these investments in 2018 and 2019 and receive tax refunds now.

The Details: Eligibility for checks from the IRS will be based on 2018 and 2019 returns, and for Social Security (retirement and disability) and Railroad Retirement beneficiaries, they will use information from the Social Security Administration and Railroad Retirement Board.