

COVID-19 Legislation: What Individuals & Families Should Know

Updated February 1, 2021

Here are several benefits within coronavirus legislation that individual taxpayers and families should be aware of.

Stimulus payments. The IRS issued a first round of stimulus payments to taxpayers in 2020 under the CARES Act and followed up with a second round of stimulus payments in early 2021 under the COVID-19 Relief Package. The following table indicates how much the payments are, the phase-out ranges and the tax year used to determine the payments. The payments are reconciled on your 2020 tax return if you received too little. You can determine the status of your stimulus check with the [IRS Get My Payment tool](#).

CARES Act	COVID-19 Relief Package
<p>Direct payments</p> <ul style="list-style-type: none"> • \$1,200 Single/Head of Household/MFS • \$2,400 Married Filing Joint returns • \$500 per dependent child under 17 	<p>Direct payments</p> <ul style="list-style-type: none"> • \$600 Single/Head of Household/MFS • \$1,200 Married Filing Joint returns • \$600 per dependent child under 17
<p>Credit phase-out</p> <ul style="list-style-type: none"> • \$75,000 of modified AGI for S/MFS • \$112,500 for Head of Household • \$150,000 for Married Filing Joint <p>Reduced \$5 per \$100 of additional income</p>	<p>Same, except the \$150,000 limit on AGI also applies to surviving spouses</p>
<p>Advance payments are based on information on 2019 or 2018 tax return information</p>	<p>Advance payments are based on information on 2019 tax return information</p>

Unemployment. Unemployment benefits for workers affected by COVID-19 now include those who were previously not eligible for unemployment, including part-time employees, freelancers, independent contractors, gig workers, and the self-employed. Eligible workers may receive an extra \$600 per week on top of the amount they're entitled to under state law. Currently, this benefit is available until July 31, 2020. The COVID-19 Relief Package has decreased this amount to \$300 per week from December 26, 2020 to March 14, 2021

New legislation provides an additional 13 weeks of unemployment benefits for workers who may have exhausted their state benefits. Eligible workers may receive unemployment benefits for a maximum of 39 weeks. Currently, these extended benefits

are available until Dec. 31, 2020. The COVID-19 Relief Package has extended the additional 13 weeks of unemployment benefits to 24 weeks until March 14. (After March 14, 2021, there are no new applicants. Individuals who were receiving benefits as of March 14, 2021, and who have not yet exhausted their benefits as of that date, will continue to receive benefits until April 5, 2021.)

Sick leave. National Paid Sick Leave allows a full-time employee who is impacted, or sick from COVID-19 and quarantined, to be eligible for up to 80 hours of paid sick leave at 100% of the regular rate over a two-week period. Part-time employees can each be eligible to receive pay for the average amount of hours they'd work over a two-week period.

Employees who have been employed for at least 30 calendar days can be eligible for up to an additional 10 weeks of paid expanded family and medical leave at 2/3 their regular rate of pay if they are unable to work due to childcare not being available due to COVID-19.

Business with fewer than 50 employees may be eligible for an exemption from providing paid sick leave and expanded family and medical leave to its employees.

Retirement plans. If you're younger than age 59 ½ and need to take money out of your retirement plans for reasons related to COVID-19, the 10% early withdrawal penalty would be waived on up to \$100K of retirement funds withdrawn. Also, income attributable to such distributions would be subject to tax over three years, and you may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions.

In addition, required minimum distributions are suspended in 2020 for everyone with IRAs and 401(k)-type accounts, but not defined benefit plans.

Earned Income Credit & Child Tax Credit. The COVID-19 Relief Package provides a special temporary rule allowing lower-income individuals to use their **earned income from tax year 2019** to determine the:

- Earned Income Tax Credit and

Regulations and guidance from the SBA and the U.S. Department of Treasury on the PPP are evolving rapidly, and the above information may be outdated. Please refer to the latest guidance from [SBA](#) and [Treasury](#) to confirm current program rules and how they apply to your particular situation. The resources described above are made available to businesses within the United States of America.

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- The refundable portion of the Child Tax Credit (i.e., the Additional Child Tax Credit)

Higher education emergency relief fund for students. The CARES Act gives colleges and universities funding to provide emergency financial aid grants to students whose lives have been disrupted and are facing financial challenges. The schools are responsible for determining how much the student grants are and how the grants are to be distributed. Students should contact their institutions for more information.

Student loans. The CARES Act also provides financial relief for those with federal student loan debt. All loan and interest payments are deferred through Sept. 30, 2020, without penalty. If you made a payment between March 1 and Sept. 30, you can even request to have that payment refunded by contacting your loan servicer. The subsequent COVID-19 Relief Package extended this benefit to April 1, 2021.

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