



FEDERAL TAX COVID-19 UPDATES

Area	Development	For Further Information:
General	<p>3/27/20: Coronavirus Aid, Relief, and Economic Security (CARES) Act (PL 116-136) signed into law.</p> <ul style="list-style-type: none"> * 2020 Individual Tax Credits -- \$1,200 per person (\$2,400 for a couple filing jointly) + \$500 for each child under age 17 at 12/31/2020 * Reduced by 5% of adjusted gross income (AGI) over \$75,000 (individual), \$112,500 (head of household) or \$150,000 (married filing jointly) * Credit paid in advance as rapidly as possible after 3/27/2020 based on latest filed tax return (2019 or 2018) or, if a non-filer, based on Social Security Administration information * Example 1 -- Married filing jointly with 1 child and filed 2019 return with AGI \$140,000 -- advanced rebate check of \$2,900 * Example 2 -- Married filing jointly with 1 child and filed 2019 return with AGI \$170,000 -- advanced rebate check of \$1,900 * Actual credit amount determined on 2020 return and reduced (but not below \$0) by the amount of any advance payment received * For tax years beginning in 2020, individual taxpayers may take an "above-the-line" deduction (reducing AGI) of up to \$300 of cash charitable contributions * For 2020, businesses may use net operating losses from a prior or future year without being limited to 80% of taxable income in 2020 <ul style="list-style-type: none"> * Net operating losses arising in 2018-2020 may be carried back 5 years (previously not allowed as a carryback at all) * The limitation on business losses for individuals (no more than \$250,000 (individual) or \$500,000 (married filing jointly) could be used to reduce non-business income) repealed for 2018-2020 * A person (or spouse or dependent) who is diagnosed with COVID-19 or who experiences adverse financial consequences caused by COVID-19 (such as loss of income from employment or business or being forced to reduce work because of lost childcare) may (1) make a withdrawal from a qualified retirement plan up to \$100,000 without incurring the 10% penalty (and income taken over 3 years unless repaid) and (2) may, until 9/23/2020, take out a loan from a qualified retirement plan up to lesser of unforfeitable plan balance or \$100,000 (rather than 50% of plan balance or \$50,000) with beginning of repayment delayed for 1 year <ul style="list-style-type: none"> * Businesses not participating in the SBA Paycheck Protection Program get a refundable payroll tax credit for 50% of wages paid to employees (up to \$10,000 in wages per employee) during (1) any quarter that the business is fully or partially shut down by a COVID-19-related government order or (2) any quarter during which the business's gross receipts are 50% less than the same quarter in the prior year and ending with the first quarter that the business's gross receipts are more than 80% of the gross receipts for the same quarter in the prior year * An employer (other than an employer who has had debt forgiven under the SBA Paycheck Protection Program) may defer the employer OASDI portion of FICA (6.2% of wages) for periods ending after 3/26/2020 and before 1/1/2021 -- 50% of the deferred taxes are due on 12/31/2021 and 50% are due on 12/31/2022 	<p>Coronavirus Aid, Relief, and Economic Security Act</p>
Income Tax	<p>3/23/20: Income tax payments and returns for 2019 and 2020 estimated taxes due on April 15, 2020 are extended to July 15th. Returns are still being processed and refunds issued.</p>	<p>IRS Notice 2020-18</p>
Paid Family Leave and Small Business Credits	<p>3/20/20: Payroll tax credits related to COVID-19 costs:</p> <ul style="list-style-type: none"> * 100% of pay (up to \$511/day) for up to 10 days for employees who miss work because of coronavirus quarantine, self-quarantine or having symptoms while awaiting a test * 80% of pay (up to \$200/day) for up to 10 days for employees who miss work to care for someone ill with COVID-19 or for a child whose school has closed or daycare provider is unavailable <ul style="list-style-type: none"> * Childcare credit may be extended up to an additional 10 weeks * Small employers (<50 employees) are eligible for the child care credit regardless of school closure or unavailability of child care where these requirements would jeopardize the ability of the business to continue <ul style="list-style-type: none"> * Additional credits will be available for employers to maintain health insurance coverage for workers who are on leave * Mechanism is a refundable payroll credit (and employers are exempt from income tax withholding and payroll taxes for employees claiming these benefits) -- if employer has insufficient payroll tax liability to cover its claims, it will receive a cash refund * Equivalent credits will be provided for self-employed workers 	<p>IR 2020-57</p> <p>Families First Coronavirus Response Act</p>
High Deductible Health Plans	<p>3/11/20: High deductible health plans (HDHPs) will not fail to be an HDHP if payments for COVID-19 testing and treatment are made without regard to deductibles or at a lower deductible -- as a result, individuals covered by such a plan will remain eligible to make HSA contributions.</p>	<p>Notice 2020-15</p>

3/31/20 RYP Update

Bill Ardinger | Chris Sullivan | Paul Burkett | Kathryn Michaelis

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