



WAYS AND MEANS

REPUBLICANS | KEVIN BRADY, REPUBLICAN LEADER

COVID TAX RELIEF

Our legislation provides important assistance to individuals, businesses, and students through the tax code. A more technical description of each provision is provided in the section by section.

Another round of cash assistance for workers and families. Expanding on financial relief provided in the CARES Act, individuals with valid SSNs with adjusted gross income up to \$75,000 (\$112,500 for head of household and \$150,000 married) are eligible for a second round of cash assistance. The maximum rebate per taxpayer is \$600 (\$1,200 for a married couple). In addition, an eligible taxpayer qualifies for an additional \$600 per qualifying child who is under 17 years of age. Families where only one parent has a valid SSN may also qualify for a partial rebate with respect to the taxpayer or the taxpayer's spouse whose valid SSN is included on the return and with respect to any qualifying children whose valid SSN appears on the return. For the vast majority of Americans, no action on their part will be required in order to receive a rebate payment. As with the first round of payments, the IRS will use a taxpayer's 2019 tax return.

Certainty for Paycheck Protection Program loans and other CARES programs. This provision provides additional relief to small businesses through the Paycheck Protection Program, emergency EIDL grants program, and certain loan repayment assistance programs in the CARES Act by providing further guidance that the forgiven loan or grant amount shall not be included as gross income to the businesses and that businesses can still deduct the expenses paid with the proceeds of the forgiven loans or grants.

Help for students. To provide greater certainty and relief to students, this provision clarifies that emergency financial aid grants made under the CARES Act will not be included as gross income to the student and will hold students harmless against their eligibility for certain education related tax benefits.

Building on President's work to delay payroll taxes. To make the tax relief the President provided through his payroll tax deferral even more effective this provision extends the repayment period of deferred taxes through December 31, 2021. Penalties and interest on deferred unpaid tax liability will not accrue until January 1, 2022.

Relief for educators. This provision will provide relief to educators by clarifying that personal protective equipment and other supplies used for the prevention of the spread of COVID-19 are treated as eligible expenses for purposes of the educator expense deduction.

Expansion of pension plans relief. Under the CARES Act, taxpayers impacted by COVID-19 could withdraw up to \$100,000 from a defined contribution plan (such as a 401(k) plan) or an IRA. This provision expands this relief by allowing similar withdrawals from a money purchase pension plan.

Help for farmers and ranchers. This provision allows farmers to opt out of the 5-year NOL carryback relief provided in the CARES Act and eliminates unnecessary compliance burdens for farmers.

Extension of paid sick and family leave. The Families First Coronavirus Response Act provided a refundable payroll tax credit for the mandated paid sick and family leave. This provision extends the tax credit through March 2021 for employers that continue to offer paid sick and family leave to their employees.