



CARES ACT

\$2 Trillion in
COVID-19 Relief
and Stimulus

CRISIS & CREDITS: PART 2 OF ?

A SUMMARY FOR INDIVIDUALS

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MEETING OBJECTIVES



Summary of CARES Act



Individual Stimulus

Calculating your stimulus payment

Updated information on timing and how to claim the payment



Expanded Unemployment Insurance and Misc.

Pandemic Unemployment Assistance

2020 Recovery Rebates for Individuals



Individual Tax Law Changes

Tax Filing Deadline & Estimated Tax Payments

Changes to IRA Rules
NOL Carrybacks and Misc. Changes



Q&A

SUMMARY OF CARES ACT

\$2 Trillion package signed into law on March 27th

Includes following measures to combat COVID-19 health care and economic crisis:

Significant expansions in small business lending

Unemployment insurance

Tax relief to individuals and employers

Health care measures

ECONOMIC IMPACT PAYMENTS

- 2020 RECOVERY REBATES
 - All U.S. residents with adjusted gross income up to \$75,000 (\$150,000 married)
 - Will receive \$1,200 (\$2,400 married) rebate. Will also receive \$500 per child
 - These amounts are phased out as income increases, rebate completely eliminated at \$99,000, \$146,000 for head of household, \$198,000 for joint filers with no children.
 - Calculate your Stimulus Check <https://www.kiplinger.com/tool/taxes/T023-S001-stimulus-check-calculator-2020/index.php>
 - Dependents age 17 or older do not qualify for their own stimulus check or the \$500 for their parents.
 - If any dependent is claimed on another person's tax return, they will not get a check.

ECONOMIC IMPACT PAYMENTS (CONTINUED)

- The payment amounts will be based off AGI from 2019 individual tax return (2018 will be used automatically if 2019 has not been filed)
 - This is a 2020 tax credit though, so if your income is lower in 2020 and increases the credit you would qualify for, it will be applied to your tax liability or refunded on your 2020 return. If your income in 2020 is higher than the year the credit is calculated from the credit will not have to be repaid.
- Rebates will be direct deposited automatically if direct deposit was used on previous filed return (2019 or 2018)
- Rebates will be mailed automatically if the direct deposit information is not on the previously filed return.
 - The Treasury Department is expected to launch a web-based portal system sometime late next week that would allow people to provide their own direct deposit information in order to speed the delivery of money and avoid the checks altogether. See www.irs.gov/coronavirus for updates and information on the portal.
 - <https://turbotax.intuit.com/stimulus-check/> Turbo Tax has launched a site to allow you to enter your direct deposit information.
 - Notices from the IRS will be mailed out within 15 days of payment issuance confirming amount and method of payment to last known address



ECONOMIC IMPACT PAYMENTS (CONTINUED)

- Reports from Wednesday say payments could start as early as today (but likely early next week) for taxpayers with direct deposit information on file with the IRS
- The next wave of payments are estimated to go out the week of the 20th for people who receive Social Security via direct deposit but don't file tax returns
- The last wave are reported to be the paper mailing of checks, starting with taxpayers with the lowest income levels
- Watch out for SCAMS!
 - We are already hearing about fake texts and calls from people trying to steal your identity.
 - The IRS will never call, text, email or contact you on social media asking for personal or bank account information-**Even related to economic impact payments.**

INDIVIDUAL AND EMPLOYEE ASSISTANCE

- **EXPANDED UNEMPLOYMENT INSURANCE COMPENSATION FOR WORKERS**
- CARES includes the following:
 - Provides for Federal Pandemic Unemployment Compensation of \$600 weekly in addition to regular state benefits;
 - Extends state unemployment benefits by 13 weeks of federally funded benefits added to the end of regular state UI benefits; and
 - Expands eligibility for those not eligible for regular, extended benefits, or Pandemic Emergency Unemployment Compensation including self-employed individuals, independent contractors, those with limited work histories, and those unable to work due to the enumerated COVID-19 related reasons.

INDIVIDUAL AND EMPLOYEE ASSISTANCE (CONTINUED)


- EXPANDED UNEMPLOYMENT INSURANCE COMPENSATION FOR WORKERS
 - This is in addition to the State's unemployment compensation but state rules are updated as a result of this bill to:
 - Include self-employed & independent contractors
 - Pandemic Unemployment Assistance payments cannot be less than half of average regular weekly unemployment benefit payments in that state
 - \$600 per week in additional unemployment compensation through July 31, 2020
 - Payable for up to 39 weeks
 - Not available for employee's that tele-work for pay, or are on paid sick or family leave

INDIVIDUAL AND EMPLOYEE ASSISTANCE (CONTINUED)

- EXPANDED UNEMPLOYMENT INSURANCE COMPENSATION FOR WORKERS
- To qualify for Pandemic Unemployment Assistance individual must certify:
 - 1) That they do not qualify for regular unemployment under state or federal law, and
 - 2) that they are otherwise able or available to work, but that they nonetheless are unemployed, partially unemployed, or unable to work for one of the following reasons:

INDIVIDUAL AND EMPLOYEE ASSISTANCE (CONTINUED)

- 2) that they are otherwise able or available to work, but that they nonetheless are unemployed, partially unemployed, or unable to work for one of the following reasons:
 - They have been diagnosed with COVID-19 or are experiencing symptoms and seeking diagnosis;
 - A member of their household has been diagnosed with COVID-19;
 - They are providing care for a family member or household member who has been diagnosed with COVID-19;
 - **They are providing care for a child or other household member whose school or care facility has closed due to COVID-19;**
 - They are unable to reach their place of employment due to a quarantine imposed as a result of COVID-19;
 - They are unable to reach their place of employment because a healthcare provider has advised them to self-quarantine due to COVID-19 concerns;
 - They have been unable to start a job that they were scheduled to commence due to the COVID-19 emergency;
 - They have become the primary breadwinner or support for a household after the death of the previous head of the household due to COVID-19;
 - They had to quit their job as a direct result of COVID-19;
 - **Their place of employment is closed as a result of the COVID-19 emergency;**
 - They meet any additional criteria established by the Secretary of Labor.



INDIVIDUAL AND EMPLOYEE ASSISTANCE (CONTINUED)

- As of today the Georgia Dept. of Labor is still awaiting guidance on how to process the PUA payments.
- They have been assured that they will be able to backdate any payments for all eligible weeks to March 29th.

INDIVIDUAL TAX LAW CHANGES

- 2019 Individual Tax Filing Deadline Moved to July 15th, 2020!
 - No extension necessary
 - Tax liability due with the return also due on July 15th with not interest and penalties accruing
 - If return cannot be filed by July 15th taxpayer can request an extension to October 15th 2020 to file. The extension is for return filing only, if tax is owed it needs to be paid by July 15th to avoid interest and penalties.
- Q1 2020 Estimated Tax Payment Also Moved to July 15th, 2020
- Q2 2020 Estimated Payment Still Due June 15th

INDIVIDUAL TAX LAW CHANGES (CONTINUED)

■ SPECIAL USE OF RETIREMENT FUNDS

- 10% Early Withdrawal Penalty waived on distributions up to \$100k if made for Coronavirus related purposes:
 - 1) You are personally diagnosed
 - 2) Spouse or dependent is diagnosed
 - 3) Experiences adverse financial consequences due to virus (furlough, laid off, hours reduced, unable to work due to lack of childcare, closure or reduced hours of business, etc.)
- The taxable income recognized from these withdrawals can be spread over the next 3 years
- Taxpayer may also recontribute these funds at any time during the 3 year period to a qualified retirement account

INDIVIDUAL TAX LAW CHANGES (CONTINUED)

■ SPECIAL USE OF RETIREMENT FUNDS

- Individuals can also borrow up to \$100k from their qualified retirement accounts before September 23rd, 2020
- Loan repayments to retirement accounts that would normally be due between March 27th and December 31, 2020 can be delayed up to 1 year
- Must check with your employer to make sure loans are allowed from your account

INDIVIDUAL TAX LAW CHANGES (CONTINUED)

- Required Minimum Distributions (RMD) from retirement accounts waived for 2020
- New “Above the Line” Charitable Contribution Deduction for 2020 tax returns
 - Up to \$300 of charitable deductions allowed on individual tax returns regardless of if the taxpayer itemizes deductions
- 60% of AGI limitation on charitable deductions increased to 100% for 2020



DO YOU KNOW ANY BUSINESS OWNERS WHO COULD USE OUR SERVICES?

- **Thank you for your referrals!**

Email to cpa@rusenkocpa.com

- Next Webinar Thursday, April 16th at 1 pm and will feature guest speaker Chuck Bauer who is an expert in helping businesses go virtual. He'll give us some steps you can take now to convert your business to one that can operate online from anywhere!
- We will send an email out to all participants with a link to this recording and information about the next webinar



Q & A

