



March 12, 2021

AMERICAN RESCUE PLAN ACT IS SIGNED INTO LAW

President Joe Biden on Thursday signed into law the \$1.9 trillion U.S. Coronavirus relief bill known as the American Rescue Plan Act with \$1,400 stimulus checks.

Key provisions in the Act include:

- **Stimulus Check:**

Economic impact payments of \$1,400 for a single taxpayer (\$2,800 for married couples), in addition to \$1,400 per dependent. The credit phases out between \$75,000 and \$80,000 (\$150,000 and \$160,000 for married couples). A dependent includes both children and non-child dependents.

The Act uses 2019 AGI to determine eligibility unless the taxpayer has already filed a 2020 return.

- **Unemployment Benefits:**

Unemployment benefits of \$300 a week will extend through September 6, 2021. The first \$10,200 in unemployment payments received in 2020 will be non-taxable for households with incomes under \$150,000.

- **COBRA Continuation Coverage**

The Act includes premium assistance for COBRA continuation coverage through September 31, 2020. It calls for a 100% reduction of COBRA premiums for eligible Individuals.

- **Child Tax Credit for 2021**

The Act increases the amount of the credit to \$3,000 per children ages 6 to 17 (\$3,600 for children under 6). The increased credit amount phases out for taxpayers with incomes over \$150,000 for married taxpayers filing jointly, \$112,500 for heads of household, and \$75,000 for others. Families eligible for the full credit will get payments of up to \$300 per child per month from July through the end of the year.

- **Child and Dependent Care Tax Credit for 2021**

Expanded child and dependent care tax credit of up to \$4,000 for childcare expenses for one child and up to \$8,000 for two or more children for households making up to \$125,000.

- **Extension of Employee Retention Tax Credit**

The Act extends the ERTC to cover wages paid through the end of 2021.

- **Extension of Family and Sick Leave Credit**

The Act of 2020 (CTRA) extends the tax credit to September 30, 2021.

- **Student Loans**

Student loan forgiveness passed between December 31, 2020 and January 1, 2026 will be tax-free.

- **Aid to Businesses**

The ARPA includes funding for various industries hard hit by the pandemic, as well as a financial boost for the Paycheck Protection Program. The funds are broken down as follows:

- \$15 billion for airlines and eligible contractors (must refrain from furloughing workers or cutting pay through September 2021)
- \$25 billion for restaurants and bars (includes grants of up to \$10 million per entity to be used for covering payroll, rent, utilities, and other operating expenses)
- \$7.25 billion for the PPP

Please feel free to contact us if you have any question.

Prospera Accountancy Group

Source: <https://www.congress.gov/117/bills/hr1319/BILLS-117hr1319enr.pdf>