

# INDIVIDUALS ONLY: COVID 19 TAX RELIEF

The Corona Relief, Aids, and Economic Security (CARES) Act that passed through legislation provides additional relief to individuals. Listed below are key points to be aware of.

**1. Recovery Rebates** – all individuals are eligible for recovery rebates of up to \$1,200 for each taxpayer and \$500 for each child under the age of 17. These rebates are based off an individual's 2019 tax filing status and adjusted gross income (AGI) as charted below. If a taxpayer has not filed their 2019 tax return, the 2018 return will be used instead. Should a taxpayer be under or over the AGI threshold for 2019 after receiving their rebate, the rebate will be credited or repaid on the taxpayer's 2020 tax return.

**2. Retirement Plans** – Individuals may withdraw funds up to \$100,000 from retirement plans for Corona related expenses, without incurring the 10% early withdrawal penalty. These distributions may be taken throughout the remainder of the year. Additionally, individuals may spread out the income over three years on their tax return in order to ease the tax burden. Individuals may also repay the distribution within a three-year period and not have the distribution counted as income on their tax return. Required Minimum Distributions (RMD) requirements have been waived for the year ending December 31, 2020.

**3. Charitable Contributions** – For the 2020 tax return, individuals may take up to \$300 charitable deduction as an above the line deduction. An above the line deduction means a deduction from income that arrives to adjusted gross income.

**4. High Deductible Health Plans (HDHP)** – Telehealth and other remote services have been added as qualifying medical expense for those who have a HDHP.

**5. Extension to file and pay** – Individuals have until July 15 to either file their individual tax return or extension for their tax return. If a balance is due, or expected to be due on the tax return, payments do not need to be made until July 15. This also includes first quarter estimated tax payment and gift tax return. The second quarter estimated tax payment will remain at June 15, 2020.

