



Stimulus Payments

How large will the payments be?

Most adults will get \$1,200, although some would get less. For every qualifying child age 16 or under, the payment will be an additional \$500.

How many payments will there be?

Just one. Future bills could order up additional payments, though.

When will the payment arrive?

Treasury Secretary Steven Mnuchin said he expected most people to get their payments within three weeks (from March 27, 2020).

How do I know if I will get the full amount?

It depends on your income. Single adults with Social Security numbers who have an adjusted gross income of \$75,000 or less will get the full amount. Married couples with no children earning \$150,000 or less will receive a total of \$2,400. And taxpayers filing as head of household will get the full payment if they earned \$112,500 or less. You can't get a payment if someone claims you as a dependent, even if you're an adult.

You can find your adjusted gross income on Line 8b of the 2019 1040 federal tax return, or if 2019 has not yet been filed, see Line 7 of your 2018 1040 federal tax return

What about taxpayers with adjusted gross income over \$75,000 (\$112,500 for head of household and \$150,000 married)? Are they eligible to receive any rebate?

The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single filers with incomes exceeding \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children. For a typical family of four, the amount is completely phased out for those with adjusted gross incomes exceeding \$218,000.

What if my income was above the threshold in 2019, but I've lost my job due to the corona virus? Can I still get a rebate check?

If your income in 2019 was in the phase-out range you would still receive a partial rebate based on your 2019 tax return. However, the rebate is actually an advance on a tax credit that you may claim on your 2020 tax return. If your income is lower in 2020 than in 2019, any additional credit you are eligible for will be refunded or reduce your tax liability when you file your 2020 tax return next year.

Is the rebate taxable or will I have to pay back any amount if the rebate based on my 2019 return is larger than what it would be if based on my 2020 tax year return?

The rebate is treated like other refundable tax credits, such as the child tax credit and earned income tax credit, and not considered income. Moreover, if the credit amount you qualify based on 2020 income is less than what you qualify for based on your 2019 tax return, it does not have to be paid back.

Who qualifies as a child for purposes of the rebate?

Any child who is a qualifying child for the purposes of the Child Tax Credit is also a qualifying child for the purposes of the recovery rebate. In general, a child is any dependent of a taxpayer under the age of 17.

Do dependents, other than children under 17, qualify a taxpayer for an additional \$500 per dependent?

The additional \$500 per child is limited to children under 17.

Are individuals with little to no income or those on means-tested federal benefits, such as SSI, eligible for a recovery rebate?

There is no qualifying income requirement. Even individuals with \$0 of income are eligible for a rebate so long as they are not the dependent of another taxpayer and have a work-eligible SSN.

Are seniors whose only income is from Social Security or a veteran whose only income is a veterans' disability payment eligible?

Yes, as long as they are not the dependent of another taxpayer. However, seniors are still encouraged to file their 2019 tax return to ensure they receive their recovery rebate as quickly as possible.

Are college students eligible for a recovery rebate?

Only if they are not considered a dependent of their parents. Generally, a full-time college student under the age of 24 is considered a dependent if their parent(s) provide more than half of their support.

I am eligible for a rebate, what do I have to do to receive it?

For the majority of Americans, no action on their part will be required to receive a rebate check since the IRS will use a taxpayer's 2019 tax return if filed or their 2018 return if they haven't filed their 2019 return. This includes many individuals with very low income who file a tax return despite not owing any tax in order to take advantage of the refundable Earned Income Tax Credit and Child Tax Credit.

What should I do if I did not file a tax return for 2019 or 2018?

The best way to ensure you receive a recovery rebate is to file a 2019 tax return if you have not already done so. This could be accomplished for free online from home using the IRS Free file program (<https://www.irs.gov/filing/free-file-do-your-federal-taxes-for-free>).

If I have a past due debt to a federal or state agency, or owe back taxes, will my rebate be reduced?

No, the bill turns off nearly all administrative offsets that ordinarily may reduce tax refunds for individuals who have past tax debts, or who are behind on other payments to federal or state governments, including student loan payments. The only administrative offset that will be enforced applies to those who have past due child support payments that the states have reported to the Treasury Department.

Unemployment Benefits

Who will be covered by the expanded program?

The plan includes far more workers than are usually eligible for unemployment benefits, including self-employed people and part-time workers. Those who are unemployed, are partly unemployed or cannot work for a wide variety of coronavirus-related reasons will be more likely to receive benefits.

How much will I receive?

It depends on your state. Benefits will be expanded in an attempt to replace the average worker's paycheck. Eligible workers will get an extra \$600 per week on top of their state benefit.

Are gig workers, freelancers and independent contractors covered?

Yes, self-employed people are newly eligible for unemployment benefits. Benefit amounts will be calculated based on previous income, using a formula from the Disaster Unemployment Assistance program. Self-employed workers will also be eligible for the additional \$600 weekly benefit provided by the federal government.

What if I'm a part-time worker who lost my job because of a coronavirus reason, but my state doesn't cover part-time workers? Am I still eligible?

Yes. Part-time workers are eligible for benefits, but the benefit amount and how long benefits will last depend on your state. They are also eligible for the additional \$600 weekly benefit.

What if I have Covid-19 or need to care for a family member who has it?

If you've received a diagnosis, are experiencing symptoms or are seeking a diagnosis — and you're unemployed, partly unemployed or cannot work as a result — you will be covered. The same goes if you must care for a member of your family or household who has received a diagnosis.

What if my child's school or day care shut down?

If you rely on a school, a day care or another facility to care for a child, elderly parent or another household member so that you can work — and that facility has been shut down because of coronavirus — you are eligible.

What if I've been advised by a health care provider to quarantine myself because of exposure to coronavirus? And what about broader orders to stay home?

People who must self-quarantine are covered. The legislation also says that individuals who are unable to get to work because of a quarantine imposed as a result of the outbreak are eligible.

I was about to start a new job and now can't get there because of an outbreak.

You're eligible for benefits. You will also be covered if you were immediately laid off from a new job and did not have a sufficient work history to qualify for benefits under normal circumstances.

I had to quit my job as a direct result of coronavirus. Would I be eligible to apply for benefits?

It depends. Let's say your employer didn't lay you off but you had to quit because of a quarantine recommended by a health care provider, or because your child's day care closed and you're the primary caregiver. Situations like that are covered.

But this provision wasn't intended to cover people who quit (or want to quit) because they fear that continuing to work puts them at risk of contracting coronavirus, according to congressional aides.

My employer shut down my workplace because of coronavirus. Am I eligible?

Yes. If you are unemployed, partly unemployed or unable to work because your employer closed down, you're covered under the bill.

The breadwinner of my household has died as a result of coronavirus. I relied on that person for income, and I'm not working. Is that covered?

Yes.

Whom does the bill leave out?

Workers who are able to work from home, and those receiving paid sick leave or paid family leave are not covered. New entrants to the work force who cannot find jobs are also ineligible.

How long will the payments last?

Many states already provide 26 weeks of benefits. The bill provides all eligible workers with an additional 13 weeks. So participants in states with 26 weeks would be eligible for a total of 39 weeks. The total amount cannot exceed 39 weeks, but it may be shorter in certain states.

The extra \$600 payment will last for up to four months, covering weeks of unemployment ending July 31.

How long would the broader program last?

Expanded coverage would be available to workers who were newly eligible for unemployment benefits for weeks starting on Jan. 27, 2020, and through Dec. 31, 2020.

I'm already receiving unemployment benefits. Will I receive any help?

Yes. Even if you're already receiving unemployment benefits for reasons unrelated to the coronavirus, your state-level benefits will still be extended by 13 weeks. You will also receive the extra \$600 weekly benefit from the federal government.

My unemployment recently ran out — could I sign up again?

Yes. If you've exhausted your benefits, eligible workers can generally reapply. But how much you get and for how long depends on the state where you worked. Everyone gets at least another 13 weeks, along with the extra \$600 payment.

Will this income disqualify me from any other programs?

Maybe. The additional \$600 benefit counts as income when determining eligibility for means-tested programs, except for Medicaid and the Children's Health Insurance Program, known as CHIP.

How long will I need to wait for benefits?

States have been incentivized to waive the one-week waiting period, but it's unclear how long it will take to process claims — especially with state offices so strained by a flood of them.

Student Loans

The federal government has already waived two months of payments and interest for many federal student loan borrowers. Is there a bigger break now with the new bill?

Yes. Until Sept. 30, there will be automatic payment suspensions for any student loan held by the federal government. It is hard to contact many of the loan servicers right now, so check your account online in the coming weeks. Once you are logged in, look for the current amount due. There, you should be able to see if the servicer has reset its billing systems so that you are showing no payment due.

How do I know if my loan is eligible?

If you've borrowed money from the federal government — a so-called direct loan — in the past 10 years, you're definitely eligible. According to the Institute for College Access & Success, 90 percent of loans (in dollar terms) will be eligible.

Older Federal Family Educational Loans (F.F.E.L.) that the U.S. Department of Education does not own are not eligible, nor are Perkins loans, loans from state agencies, or loans from private lenders like Discover, Sallie Mae and Wells Fargo. The holders of all those kinds of loans may be offering their own assistance programs.

Within a few weeks, you are supposed to receive notice indicating what has happened with your federal loans. You can choose to keep paying down your principal if you want. Then, after Aug. 1, you should get multiple notices letting you know about the cessation of the suspension period and that you may be eligible to enroll in an income-driven repayment plan.

Will my loan servicer charge me interest during the six-month period?

The bill says that interest "shall not accrue" on the loan during the suspension period.

At the end of the suspension, keep a close eye on what your loan servicer does (or does not do) to put you back into your previous repayment mode. Servicer errors are common.

Will the six-month suspension cost me money, since I'm trying to qualify for the public service loan forgiveness program by making 120 monthly payments?

No. The legislation says that your payment count will still go up by one payment each month during the six-month suspension, even though you will not actually be making any payments. This is true for all forgiveness or loan-rehabilitation programs.

Is wage garnishment that resulted from being behind on my loan payments suspended during this six-month period?

Yes. So is the seizure of tax refunds, the reduction of any other federal benefit payments and other involuntary collection efforts.

Are there changes to the rules if my employer repays some of my student loans?

Yes. Some employers do this as an employee benefit. Between the date the bill is signed and the end of 2020, they can offer up to \$5,250 of assistance without that money counting as part of the employee's income. If the employer pays tuition for classes an employee is taking, that money will also count toward the \$5,250.

Retirement Accounts

Which retirement account rules are suspended?

For the calendar year 2020, no one will have to take a required minimum distribution from any individual retirement accounts or workplace retirement savings plans, like a 401(k). That way, you aren't forced to sell investments that may have fallen in value, which would lock in losses. If you don't need the money now, you can let the investments sit and hope that they recover.

This change would not affect old-fashioned pensions.

What if I have to take money out of my I.R.A. or workplace retirement plan early?

You can withdraw up to \$100,000 this year without the usual 10 percent penalty, as long as it's because of the outbreak.

You will also be able to spread out any income taxes that you owe over three years from the date you took the distribution. And if you want, you could put the money back into the account before those three years are up, even though the rules may normally keep you from making a contribution that large.

This exception applies only to coronavirus-related withdrawals. You qualify if you tested positive, a spouse or dependent did or you experienced a variety of other negative economic consequences related to the pandemic. Employers can allow workers to self-certify that they are qualified to pull money from a workplace retirement account.

Can I still borrow from my 401(k) or other workplace retirement plan?

Yes, and you can take out twice the usual amount. For 180 days after the bill passes, with certification that you've been affected by the pandemic, you'll be able to take out a loan of up to \$100,000. Usually you can't take out more than half your balance, but that rule is suspended.

If you already have a loan and were supposed to finish repaying it before Dec. 31, you get an extra year.

Charitable Contributions

I want to help people who are suffering from the pandemic. Does the bill do anything about charitable donations?

Yes. The bill makes a new deduction available — and not just for 2020 — for up to \$300 in annual charitable contributions. It's available only to people who don't itemize their deductions, and you calculate this new one by subtracting the amount you give from your gross income.

To qualify, you have to give cash to a qualified charity and not to a donor-advised fund, which is a charitable account that affluent people often use to bunch contributions in a particular year in order to maximize deductions. If you've already given money since Jan. 1, that contribution counts toward the \$300 cap.

I am lucky to have substantial wealth, and I want to give more to charity than I usually do. Have the limits on charitable deductions changed?

Yes, they have. As part of the bill, donors can deduct 100 percent of their gift against their 2020 adjusted gross income. If you have \$1 million of income, you can give \$1 million to a public charity and deduct the full amount in 2020.

The new deduction is only for cash gifts that go to a public charity. If you give cash to, say, your private foundation, the old deduction rules apply. And while the organizations that manage donor-advised funds are public charities, you do not get the higher deduction for donating cash to your donor-advised fund.

If your assets are substantial enough that you can give more than your income this year, you won't lose the deduction for the excess amount. You can use it next year, as has always been the case.

Other Features

Is there any relief for renters in the bill?

Yes. The bill puts a temporary, nationwide eviction moratorium in place for any renters whose landlords have mortgages backed or owned by Fannie Mae, Freddie Mac and other federal entities. This will last for 120 days after the bill passes, and landlords also can't charge any fees or penalties for nonpayment of rent.

How does the aid for small businesses and nonprofits work?

Good news here, as you may be eligible for forgivable loans. Our colleague Emily Flitter covered the details in a separate article. Aides to Senator Marco Rubio, Republican of Florida, also wrote a one-page summary of those provisions.

Will there be damage to my credit report if I take advantage of any virus-related payment relief, including the student loan suspension?

No. There is not supposed to be, at least. The bill states that during the period beginning on Jan. 31 and continuing 120 days after the end of the national emergency declaration, lenders and others should mark your credit file as current, even if you take advantage of payment modifications.

If you had black marks in your file before the virus hit, those will remain unless you fix the issues during the emergency period.

Credit reporting agencies can make errors. Be sure to check your credit report a few times each year, especially if you accept any help from any financial institution or biller this year.

Does this bill change any rules for health savings accounts and health care flexible spending accounts?

Yes. After at least 15 years of lobbying and debate, menstrual products are now eligible for reimbursement.

Did the legislation make it illegal for any internet provider to cut off service to an individual or small business that can't pay its bills?

No.

Did the legislation make it illegal for utility providers to cut off service?

No.

Individuals should consult the IRS or a tax advisor to address questions related to their individual circumstances.

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