TEXAS A&M UNIVERSITY
School of Law

"TAMU Law Answers" CARES Act Webinar Series

Webinar 1: Individual Incentives under the CARES Act: What's in it for Me?

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Presenters:

- Terri Helge, Professor of Law and Associate Dean of Academic Affairs
- Gary Lucas, Professor of Law and Senior Associate Dean
- Bob Probasco, Senior Lecturer and Director, Low Income Tax Clinic
- Moderator: Luz Herrera, Professor of Law and Associate Dean for Experiential Education

While the panelists are all attorneys, they will be discussing the law generally, and nothing in the webinar should be considered as legal advice. Attendees should consult their own legal advisor to address their own unique circumstances.

TRANSCRIPT:

- All right, well, let's get started. Good afternoon and welcome to Texas A&M University School of Law's webinar. This is going to be the first of three series where we discuss the Corona Aid Relief and Economic Securities Act, also known as the CARES Act. I have the privilege of introducing today's panel and moderating today's discussion.

So my name is Luz Herrera. I'm a professor and associate dean here at Texas A&M School of Law. Today's webinar will focus on individual incentives under the CARES Act. So this will help address the question of, what's in it for me individually?

We have two other webinars that will take place. One will be tomorrow at noon and it will focus on business questions, and small businesses in particular. But we will also have another webinar on the implications of CARES and coronavirus generally on health law. So that next one will be on April 13, a week from today, also at noon.

The attorneys on this webinar and all webinars-- actually, all of our faculty that are on the webinars are attorneys. They are going to be providing legal information. We are not in the position to offer any specific advice to any individual. So if you have a specific question that pertains to you today or your business tomorrow going forward, really we're here to provide some general guidance information, not to give legal advice.

We do have a website that we are using to post information, to post answers to some of the commonly asked questions. You can find that at TAMULawAnswers.info. And I believe that there is a link at the end of the webinar that we can provide to you.

So let's get started with our panelists. We want to maximize our time with you all. We have some three very great colleagues. I'm lucky to work with all of them.

We have professor and senior lecturer Bob Probasco, who is the director of our Low Income Tax Clinic. He has years of experience here in the DFW area on tax law and procedure. So he's going to talk with us today about implementation of the IRS People's First Initiative and changes to IRS operations.

We also have Professor Gary Lucas, who's our professor and senior associate dean who teaches taxation and behavioral law and economics. And finally but definitely not least is Professor Terri Helge, who is also our associate dean of academic affairs. Her areas of law are nonprofit organizations, estate planning, and trust laws. And she will talk about retirement account withdrawals and charitable contributions.

I failed to mention that Professor Lucas is going to talk about recovery rebate checks and who qualifies for that. So we're going to go ahead and get started. Professor Lucas is up first. And I also wanted to remind you that you can use the question and answer to send us questions. And we'll be sorting through that as the webinar proceeds. Professor Lucas--

- OK, great. Thank you, Luz. Appreciate the introduction. Are you able to see my screen? OK, great.

So I'm going to talk a little bit about the rebate that is provided for in the Act and I'm going to cover really just the basics. There are some nuances, some of which Professor Probasco will get into in his presentation. But I'm just going to talk a little bit about the basics so that everyone's on the same page about that.

So first let's address the issue of who's eligible for the rebate. You're eligible if you're an adult and you have a Social Security number and you can't be claimed as a dependent on someone else's tax return. So as long as you're an adult, have a Social Security number, and can't be claimed as a dependent, you'll be eligible for the rebate.

We've received some questions about, well, do I have to file a tax return, and so on and so forth? The answer is that, no, even if you haven't previously filed a tax return or had income, you could still be eligible for the rebate. We'll go into it in a few moments how you go about making sure that you get it.

Nonresident aliens and estates and trusts aren't eligible. If you're a married couple and you file a joint return, then both spouses have to have a Social Security number. There's an exception for that for members of the armed forces. For members of the armed forces, it's OK if one spouse doesn't have a Social Security number. But for others, both spouses on a joint return have to have a valid Social Security number in order for you to receive the rebate.

OK, so let's talk a little bit about how much rebate you'll receive. So if you're an individual taxpayer, it's $1,200. If you're a married couple filing jointly, $2,400. In addition to that, if you have qualifying children, then you can receive an additional $500 per child.

So what is a qualifying child? Well, it's defined fairly broadly. It includes not only children but also grandchildren, siblings, nieces, nephews. If they live in the taxpayer's household for more than half the year, if they're under age 17, and if they have a Social Security number, then they are a qualifying child and you can receive the additional $500 for that qualifying child. There's no limit on the number of qualifying children. So you can receive that for each of your qualifying children.

OK, now, the rebate is subject to a phase-out if you have a high income. The rebate is reduced by $5.00 for every $100 that your adjusted gross income exceeds a certain threshold amount. And as you can see on the PowerPoint there, for individual taxpayers that threshold amount to $75,000. For married taxpayers who are filing a joint return, it's $150,000. And then for taxpayers who are filing as head of household, it's $112,500. So if your AGI exceeds those amounts, then you'll be subject to the phase-out and the credit will be phased out $5.00 for every $100 that your AGI exceeds those amounts.

So just as a couple of examples. If you're an individual with an AGI of $99,000 or over, then you're not going to receive the rebate because it's completely phased out for you. If you're a married couple filing jointly, you have no children, your AGI exceeds $198,000, then you're not going to receive the rebate. So that's how the phase-out works.

OK, there's some questions about, well, how do I receive the rebate? So technically, the rebate is a refundable tax credit against your 2020 federal income taxes. Now, those taxes aren't due until 2021. But the government wants to get the rebates out quickly. And so the IRS is going to calculate your rebate amount based on your 2019 tax return if you filed one. If you didn't file a 2019 tax return, then they'll use your 2018 tax return.

So what the IRS will do is they'll use your AGI, your adjusted gross income, as reported on your 2019 or 2018 return. They'll also use the number of qualifying children that you reported on that return to calculate your rebate amount. And then the way that you'll receive it is if you're set up to have tax refunds or other federal payments direct deposited into your bank account, the IRS will just issue your rebate via direct deposit. Very simple and hopefully fairly quick.

The IRS has said that it plans to start issuing direct deposits as early as April 17. And if you're not set up for direct deposit, then the IRS is going to mail you a check. And they'll mail it to your last known address.

The problem here is that this process could take several months. So if you're not set up for direct deposit, it may take a while before you receive that rebate check. And also, the IRS is going to mail the rebate check, as I said, to your last known address. So if you have changed your address since the last time you filed a tax return, then you may want to file a change of address form with the IRS just to make sure that you receive the check.

The IRS has also said that it plans to open up a web-based, internet based, portal to allow people to provide their direct deposit information so that they could receive their rebate via direct deposit. So you want to be on the lookout for that if you're not already set up for direct deposit, because that might allow you to receive your rebate more quickly.

OK, now, what about people who haven't filed a tax return in 2019 or 2018? If you receive Social Security benefits, then the IRS will issue a rebate to you based upon the information that is on file with the Social Security Administration. So if you're an older person, retired person, you receive Social Security benefits, even if you haven't filed a tax return recently, the IRS could still issue a direct deposit to you potentially based upon information available with the Social Security Administration.

Now, there are other taxpayers, usually low-income taxpayers, who aren't required to file tax return, often because they don't have sufficient income to meet the filing requirement. In that case, the IRS has indicated that they're going to need to file a tax return in 2019 in order to receive their rebate. So if you're a low-income taxpayer who hasn't filed a tax return in recent years, you may need to file one in order receive your rebate check.

Now, what if you happen to owe back taxes? The government has said that, because they want to get the rebate checks out to folks and they want to do this to stimulate the economy, the government has said that you're going to receive your rebate even if you have outstanding federal or state tax obligations. Even if you owe debts the federal government, the government is not going to use the rebates to offset those obligations. You'll still receive your rebate check. The rebate, however, will be used to offset any past due child support obligations. So if you have a past due child support obligation, then that could affect the amount of the rebate that you receive.

OK, there were some questions that were asked about, what happens if I receive the wrong amount? So again, the IRS is going to estimate your 2020 tax credit based upon your 2019 income tax return. So it could turn out that you end up receiving the wrong amount. The good news is that when you file your 2020 tax return and you calculate the correct amounts of the credit, if it turns out that you receive less than what you were supposed to receive from the IRS, then you'll get that additional amount when you file your 2020 tax return.

If you happen to receive more than you were supposed to receive from the IRS, the good news is that you're not going to have to pay it back. And so if it turns out that you received the wrong amount, you may benefit in 2021 when you file your 2020 tax return by receiving any extra amount to which you're entitled. But you won't be harmed in that you won't have to pay back any amount that you received over and above what you were entitled.

All right, so that's all I have for the basics of the rebate. I'm going to turn it over now to Professor Probasco. He's going to talk a little bit more about the technicalities of the rebate along with some issues related to the IRS's operations here in the coronavirus era.

- Well, thank you, Professor Lucas. The first thing to really understand about what's going to be going on is that the IRS is dealing with complex provisions that they're trying to implement in a very short period of time. There are a lot of things that we still don't understand. And there will be potential glitches in implementation.

I'm going to skip over some of these slides in the interest of time. But they will be available, as was said earlier, on our website later. There is some good news that we know that the rebates are not going to be taxable income to you. They're not going to be treated as resources in terms of eligibility for benefits and assistance under federal programs. And the IRS is exploring possible ways to also issue advance refunds to supplemental security income beneficiaries as well as those getting normal Social Security benefits.

There are three unanswered questions that I've included here. I'm going to talk about two of them. And the other one I'm going to leave for you to look at the slide later. Professor Lucas stated that the rebates will not be kept by the government to pay other amounts you owe except for past due child support obligations. That's what the IRS has been saying all along. That's what a lot of commentators have been saying.

But it may happen that they will keep it in a couple of other situations. The first, if you have an offer in compromise to settle your tax debts for less than the total amount, typically the contract specifies that the IRS also gets to take any refunds that you would receive up through and including the tax year in which they accept the offer in compromise. We're not sure that that's going to happen. We hope it's not. But it's a possibility.

And the other one is a little bit more complicated, so I put it on a separate slide. Because of the way that the provisions are structured, they are going to possibly wind up with a situation if your advance refund is determined based on your 2018 tax return but you still owe money on that. You filed the tax return. You were not able to pay everything you owed when you filed it. They will take probably some of the advance refund or all of it to offset that amount.

So in this situation, advance refund amount of $1,200 but a balance still left due on the 2018 tax return of $2,000, there are two possibilities. They could pay that out, and you would still owe the $2,000 for 2018. I think that's more in the spirit of the CARES Act.

The other possibility is that they will not pay you out $1,200, either now or when you file your 2020 tax return, but the balance you owe for 2018 will be reduced to $800. The first option we think is more in the spirit of the CARES Act. But reading the way that it is structured, we think the second option may be the way the government is going to implement this. We are in the process of trying to get clarity from the IRS currently but haven't received a definitive answer yet.

The other difficult question that we're dealing with is, as Professor Lucas mentioned, you filed a joint return. Both parents have to have a valid Social Security number. The same applies for the qualifying children for whom you want that $500 additional amount.

But what happens if you had three children 16 or younger on the return as dependents, two of them have a valid Social Security number and one does not, perhaps has an [? I-10? ?] That, probably-- we're not entirely sure-- would forfeit the rebate for everyone on the return, including the parents.

What if you have other dependents on the return, such as older children or even parents? We don't think that is likely to disqualify everyone from getting a rebate. But that is not entirely sure at this moment. Again, we're trying to get additional clarification. There is some information I'm including on the slides about issues surrounding temporary guest workers that I'd suggest you check the slides when they're posted on our website.

I do want to warn everyone big amounts of money are going out from the Treasury. When that happens, inevitably there are a lot of people out there trying to steal it from you. Check the IRS website for the page warning about these tricks. I have a link to that in this slide that you'll be able to access, again, when the slides are posted to our website.

There are a lot of things that the IRS is doing beyond the CARES Act. When the president issued the emergency declaration March 13, that gave the IRS ability to delay certain deadlines. They have already taken advantage of that. Your tax returns and your payments due on April 15 are now due July 15.

Although, if you have already scheduled payments in the electronic federal tax payment system, you may have to go in and cancel those and set up new payments. They won't change anything that you've already scheduled for payment. They can provide more relief later depending upon how the situation unrolls. They don't have to go back to Congress. They don't have to go back to the president. And we expect them to use that discretion aggressively if needed.

They also have instituted what they call a People First Initiative. During this time, they are letting you suspend payments on existing installment agreements or offers in compromise. They're not trying to collect by issuing a levy to your bank or garnishing your wages. And they're generally going to not start new audits. But if you have something that's already in progress and you get correspondence from the IRS, you should continue responding if possible. If not, it will not cause adverse situations. But they'd like to get everything wrapped up.

And finally, a lot of IRS operations have been closed. Or where they are still open, they may have a much lower staffing level to maintain social distancing. That is going to lead to very slow responses. It is going to be almost impossible to get anyone on the phone. And if you send anything in by mail, you may take a long time to be processed.

So for example, if you are submitting a new return to get updated information to them so they can determine the advance refund, do it electronically. If you send it by mail, by paper, it's going to be delayed and you will get it much later than you would otherwise. If you need to your address, you can send a change of address form to the IRS by paper.

It's better to, for example, file an extension request where you can put that address on, which you can do electronically, or an online update of your information with the post office. Because that information is also shared with the IRS. So good luck to everyone getting their rebates. And I will turn it over to Professor Helge.

- Great, thank you. So much of the focus on individual provisions in the CARES Act is on the rebate. But there are a few other provisions that I'd like to discuss with you that are beneficial to individuals and I think will be helpful to the right set of people. So I'm going to talk real briefly about the provisions as they apply to retirement plan distributions, charitable contributions, and student loans.

First, for retirement plans, there's a couple benefits for individuals within the CARES Act. Currently with employer provided retirement plans, there's the ability to take hardship withdrawals for certain qualifying events, including medical expenses and the like. What the CARES Act has done is to add a new type of hardship withdrawal for the COVID-19.

In order to qualify for this distribution, you, your spouse, or your dependent must have tested positive for COVID-19 or you have to certify that you're experiencing financial hardship due to quarantine, lack of child care, or loss or reduction in your employment. If those apply to you, then you can take a distribution of up to $100,000 from your qualifying retirement plans. The distribution will be taxable, but it will be exempt from the 10% early distribution penalty that normally applies when you try to take distributions from your retirement plans.

The taxable amount can be spread out pro-rata for three years, meaning that if you took a distribution, for example, of $60,000, instead of including all $60,000 in your taxable income in 2020, you could instead choose to spread that out evenly over three years and include $20,000 this year, next year, and the following year. And that may help reduce your overall tax liability by doing it that way. In addition, there is the option for you to be able to repay the distribution to a qualifying plan within the three-year period.

The CARES Act provision says this is to be treated as a rollover distribution to an IRA. So presumably this will help to alleviate some of the tax liability that otherwise would be imposed on the distribution. But we're waiting for some more clarification from the IRS as to exactly how the option to repay will help offset the taxability of the distribution.

In addition, there is the ability to take qualifying loans from your employer-provided retirement plans. Now, normally, plan participants can take loans up to $50,000 or half of their vested balance in their retirement plan, whichever is smaller. For qualifying individuals, the amount has been increased to $100,000, or the total amount of their employer-provided retirement plan.

The qualifying individuals are going to be the same group of people that were eligible for the COVID-19 withdrawal. That means people who have tested positive for COVID-19, or their spouse or dependents have tested positive, or they've experienced financial hardship due to quarantine, loss of child care, or reduction or loss of employment. This may be an option that's more desirable if somebody knows that they're going to be able to pay it back and doesn't want to risk the chance of having the distribution be taxable. So it's something to certainly balance between the two options.

Another benefit for people who already have plan loans outstanding is that the plan participant can opt to delay repayment on their existing plan loans for up to a year. So you should talk to your employer, your plan provider about that option if that applies to you. And finally, the last benefit for retirement plans is for folks who are required to make minimum required distributions, and that's generally for participants age 70 1/2 or older, they are not required to take that distribution this year.

A second benefit under the CARES Act that I'm going to talk about today is the enhanced charitable contribution deduction. Now, normally charitable contributions are only deducted if you determine to itemize your deductions. And most individuals now with the enhanced standard deduction from the last Tax Reform Act are not actually itemizing their deductions anymore. This allows for people to take an above-the-line or a non-itemized deduction for cash contributions made to public charities of up to $300 in 2020. This is only available to individuals who don't itemize their deduction and who take the standard deduction.

In addition, if we have somebody who is itemizing their deduction, then the normal charitable contribution limits for cash contributions to public charity has been suspended. That typical limit is 60% of the taxpayer's adjusted gross income. And so now they may deduct up to 100% of their adjusted gross income for these cash contributions. Now, the charities that qualify, as I said, are certain qualifying public charities but not supporting organizations or contributions to a donor-advised fund.

And I'm going to show you how you can figure that out. The IRS website has a place that you can search for charities. And so if you just go to IRS.gov, and then you can click on this link here for Charities and Nonprofits. And you should be able to find a link for the tax-exempt organization search database. And what you want to look for here when you type in your organization that you're wondering about is a deductibility code of either PC or POF. Those are the two types of charities that will qualify for these enhanced charitable contribution deductions under the CARES Act.

All right, and to go then to my last topic, which is student loans. So for those of you who have student loans or who have family members with student loans, this is important relief item available to you. First, there is an automatic suspension of student loan payments through September 30 of this year. In addition, no student loan interest will be charged on any outstanding balance through September 30 of this year.

What's important to know is that these suspended payments are still deemed that you're in repayment status on your loan and in good standing. So it does not affect your credit. It does not affect your ability to get additional debt. And the payments that you would otherwise be making during this period do count towards loan forgiveness through income-based repayment plans or public service loan forgiveness programs.

So that's really important for people who are on those programs. They don't have to make the payments. Yet, they're still going to be credited for having made those payments through loan forgiveness programs. In addition, if people are behind on their student loans, this suspends collection actions on default through September 30 as well, meaning any wage garnishment, tax refund seizure, or Social Security seizures are going to be suspended during this time period.

But it's important to know that all of these relief provisions apply only to federal direct loans and federally held FFEL loans, such as Stafford loans or PLUS loans. But they do not apply to commercially held loans, Perkins loans, or private student loans. If you're unsure about which one your loan is, you should contact your loan provider and they can let you know. But it's important to understand that.

The other thing I want to note is that this suspension is automatic. You can continue to make voluntary payments. And loan providers are supposed to be informing their borrowers by April 15 as to how they can continue to make voluntary payments during this time.

And I'm going to turn it back to Professor Herrera to help moderate the discussion. Thank you.

- Great, well, thank you all for your wonderful insights. And those of you who submitted questions when you registered, we've tried to incorporate some of those into the presentation already. But we're also taking questions here through the chat function. And so if you have any that have not been addressed, please make sure you send them in.

I do have a few questions that are really prompted already by what folks have been asking. There are multiple questions about, "Why are dependents over age 16 left out? And they're also not eligible for the $500, or are they?" So there are a number of questions about why that happened and what's the rationale. So I don't know if any of you have any thoughts on that.

- Yes, we don't really have a lot of detail about exactly how they came up with the rationale. But this is exactly the same cutoff and the way they apply for the child tax credit. It looks like they just imported that restriction into this. That if they are younger where you should get extra credit for taking care of them, then we will also give you a rebate as well.

Certainly there would be an argument to include older children. But that is not what Congress chose to do. But that's all we really know about it.

- OK, so just to make sure we understand, they are not eligible for the $500 if they are 17 or 18 years old or anything above that. Is that correct?

- That's right.

- OK. Would they be eligible for the $1,200 if they file taxes?

- Not if they're claimed as a dependent on--

- It would be, yeah, only if they could not be claimed as a dependent.

- And it's possible that, by the time the 2020 tax return rolls around, they will not. They will file their own and their parents will not claim them. And we think that under those circumstances, as long as the parents did not claim them for an advance refund, if they file their own tax return for 2020, they will be able to get a refundable credit at that point of $1,200 instead of $500 is our understanding.

- OK, well, “Can somebody opt out of receiving the payment? Can it go to somebody else of their choosing or can they just return it?”

- I'm not sure there is any real mechanism to return it or disclaim it. You can always make a gift of it to someone else. It's probably going to be within the annual exclusion limit on paying gift tax. And you certainly can also donate it to charity if you are doing well and don't feel you need it but want to support others who may.

- Great, thank you.

- And it doesn't count as income on your tax return. So as Bob said, you could just, if for whatever reason you didn't want the payment, you could just take it, accept it, and then give it away. It won't count as income on your tax return for next year.

- Great. Now, “Is there a website to track the status of the rebate check that might be coming? Or does the IRS intend to create one?” Do you have any insight into that?

- Yes, they are intending to create one. It is intended to be very similar to what they currently have for *Where's My Refund*. If people have ever used that, they file a return showing a refund. If they haven't received it yet, they can log in to the IRS website and check the status of that. There is going to be something very similar for that the IRS plans to develop for these rebate refunds.

- OK. So going back to what Professor Lucas says, it's not going to be counted as income. So is that also true for individuals who are receiving supplemental income through Social Security and VA pensions and such? Do y'all know if that will affect--

- The amounts are not going to be taxable income. And they're not going to be included as support that might reduce the amount you can get from other programs because you have more resources. Right now, the IRS has provisions in place to issue advance refunds on the basis of the 2020 tax return from filing a tax return or from someone who is receiving Social Security benefits.

They have just recently announced, I think it was either Friday or over the weekend, they were exploring doing the same thing for supplemental security income. And hopefully they will also explore the VA beneficiaries. Because those people are probably almost certainly going to qualify for the maximum amount of credit.

The computer systems do not talk to each other today as they do with Social Security and the IRS. But they're trying to work out something to cover those as well. So they will get checks. But the status as taxable income is not affected at all. It's the same for everyone that it's not taxable income.

- So we have a few more questions we're going to address. And then we'll keep going here. So thank you, Professor Probasco, for that. “What is the time period under which someone can pull from their retirement plan and avoid the 10% penalty? Will this allowance be in place until the end of the year, or must it be pulled within a certain date?”

- And so the new COVID-19 withdrawal provision applies to distributions made for 2020. So the distribution has to be made before the end of this year.

- OK, and “If a person continues to make student loan payments through September 2020, will all the payments be applied to principal, or will it continue on the existing payment schedule?”

- Yeah, it will all be applied to principal. So there is 0% being charged on, again, on all the qualifying loans. This doesn't apply to private loans. So you'll want to talk to your private loan lender if they have any sort of relief provisions that they're implementing separately. But for the direct federal loans or the FFEL loans, there is 0% interest being charged on all of those loans through September 30. So any payments you make on the loan at this point gets directed 100% to the principal on the loan.

- OK, there's another question about, “How much does a $300 above-the-line deduction reduce the individual's tax rate, if at all?”

- How much does it reduce their tax rate? So that will depend on their rate that they're paying, which can be anywhere from 10% up. So the tax benefit that you get from it, of course, is a direct correlation to the ultimate marginal rate that you're paying and how much that's reducing your income.

And I thought I saw a question there, too, just a clarification. The $300 limit is an overall limit, not per charity. So it's up to $300 of a deduction no matter how many charities you contribute to.

- So if I contribute $3,000, only $300 of it can I deduct unless I'm itemizing.

- Exactly. And then if you're itemizing, there's no limit based on your AGI as to how much you can deduct.

- And as Terri said, the difference between this deduction and a credit-- so a credit will reduce your tax liability dollar for dollar, no matter what your tax rate. But with a deduction, the value of the deduction depends on your marginal tax rate. So if you're in the 10% tax bracket, then it would be worth just $0.10 on the dollar for the deduction. And if you're in a higher tax bracket, it would be worth more to you. So that's the difference between the credit that we've been talking about, that Bob and I have been talking about, and the deduction that Terri talked about.

- Got it. And we have a question regarding funding for unemployment. “Do you all have a sense of whether that's going to come through-- is that going to come to the states or the IRS? When is that expected to kick in? And is there any other actions to take other than going ahead and applying?”

- I think that's going to be probably addressed in the webinar tomorrow.

- OK, great, thank you. So we have a few more questions. I know that there are still individuals that are putting some in here. But we have a few more. This does one question says-- and I actually don't understand the question, so I'm going to read to you just as I have it.

“Regarding the suspension of RMD for 2020, what options are available if a person has already taken all or a portion of their RFD for 2020? We've heard that there is nothing in the Act on this topic but also heard that the 60-day rollback provisions would apply. Any insight is appreciated.”

- Yeah, so this relates to the waiver of required minimum distributions for 2020 in that folks in that category do not have to take the minimum distribution this year. But of course, they didn't know that until March 15 or so, whenever the Act was finally signed into law. So it's quite possible that someone went ahead and took their distribution earlier on in the year.

I agree that the Act is not clear on this point. It does seem that the normal provisions to allow you to roll your distribution back into your IRA within 60 days of receiving the distribution should apply. And I know there has been times also where the IRS has extended that 60-day rollover period in certain situations.

So again, this is a place where I would expect that, in providing further guidance on this Act, that would be a question that the IRS will answer through some of that additional guidance. But I think the reasonable approach would be to consider that the 60-day rollover is an option for those individuals. And hopefully the IRS will give an extension on that 60-day rollover for people who didn't know it was available and maybe missed that 60-day window by a few days.

- Great. And there was a question about somebody who might have been born after the 2019 filing. And Professor Lucas, you might have addressed this before. But I think the question is, are dependents that did not exist during the 2019 filing, will they not be counted? I think you addressed this before, but maybe you can--

- Yeah, so I think the way that this will work is if the qualifying child wasn't on your 2019 return, then you may not receive credit for that qualifying child. You may not receive a rebate for that child now. But when you file your 2020 tax return, if you were supposed to receive rebate for that person, then you can claim it then. At least I think that's the way I read the-- is that your understanding, Bob?

- Yes, it is. Parents with no dependents on the 2019 tax return may get an immediate $2,400 advance refund. They file their 2020 tax return. They recalculate it and say, oh, it would really be $2,900, and we've already received $2,400, so we wanted an additional $500. And they will get it.

- And this relates to another question that was asked, Luz, which is the relationship between the rebate that you're going to receive this year and then the credit that you can claim next year when you file your tax return. So it's kind of unusual.

So again, technically this is a credit against your 2020 taxes that you would normally not receive until you file your 2020 tax return in April of 2021. But because the government wants to get the money out there quickly to help the economy, they're allowing the IRS to pay the credit in advance by estimating the credit based upon information you reported on prior tax returns. So it could turn out that when you go to claim your credit on your 2020 tax return that it's different from what you actually received.

And again, in that case, like Bob said, you could take advantage of additional credit to which you're entitled. And again, as I said earlier, the great thing about this is that they won't claw back. If they overpaid you, it turns out they overpaid you, they won't claw that money back. So you get to keep it.

- OK, that's great. So I think that also addresses a question somebody had about garnishment, they already took it. That kind of addresses that as well, right? So the question is, “What if your 2019 refund was already garnished because you filed early? Will they be resending those refunds?”

- Well, in the first place, IRS has stopped a lot of collection activities for the moment. But to the extent that they are garnishing wages, we think that would stop anyway. But in terms of the separate question of are they also going to grab the tax refund, they might for other years. But they will not do that for the advance refunds. And they will not do that for a refund in 2020 based on the refundable credit when you file that return.

- There seems to be a number of questions about getting notified. And you said that the IRS is working on something to track refund checks. Is that right? Bob, you had said that--

- They're going to be providing, it's in development right now, something similar to the *Where's My Refund* for you to check on the status of that. But in addition, after they send out an advance refund through direct deposit, they will be sending notification by mail to your last known address to tell you that it went out there.

Because in some circumstances, people may have changed their bank account, or married couples divorced or whatever, and something went to the wrong place. You will have a mechanism, hopefully if you get that notice, to contact the IRS and say, I didn't get that. I should have. Please fix what happened and get me my money.

- And what if you changed your bank account in terms of what the IRS would have from before? Is there going to be a process, an online process, that you know of that would allow people to provide the correct bank account that they want this deposited to? That's partly also [INAUDIBLE].

- That should be in place we anticipate probably this week for people to get that information in. If you have provided information for direct deposit to either the IRS or Social Security already and they are already direct depositing things and that bank account hasn't changed, you're fine. But if the bank has changed since the last time you got a refund, there will be a way to go in through the web to provide the direct deposit information. It should be available this week.

- So related to money and how much we get and how much they keep, right, is child support. If somebody is delinquent in child support, we would expect that some of that money would not arrive. Is that correct?

- Yes. That's the one-- the IRS typically offsets refunds against a whole bunch of obligations you may have, not just with the IRS, but other agencies, state, et cetera. The only one that they have accepted from that for these rebates is past due child support obligations.

- Well, I think we answered a lot of the questions. We're not going to be able to answer every single one. But I'd love to give the panelists an opportunity for any closing remarks if you have any.

- OK, I'll go first since I presented first. I just had seen a few questions related to, well, "What happens if my income is going down in 2020 because of the recession, possible recession, and what's happening right now? So in 2019 I wouldn't have been eligible for the credit based upon my adjusted gross income on my 2019 tax return, but I would be now." And the answer to that is when you file your 2020 tax return, you'll be able to qualify for the credit at that point, even if you won't get the early rebate based upon the information in your 2019 tax return.

And then there was another question I saw about whether we're going to make the slides available after the presentation. And the answer to that is yes. And Luz, maybe you know where they're going to be posted.

- Yeah, I believe it's TAMULawAnswers.info, so TAMULawAnswers.info is the website.

- All right, and I noticed a couple additional questions about retirement plans. I'll just try to answer those now before we wrap up. There was a question about if you take a hardship withdrawal from the 401(k). Do we know the deadline to roll it back into the 401(k)?

So again, very specific to the COVID-19-related withdrawal. The new provision allows you to contribute all or a portion of that back to an eligible retirement plan within a three-year period. Again, further clarification is going to be needed if your repayment is after you have to include some of it in your income and how they might offset that. And so we'll be looking for further guidance from the IRS by that. But you have up to a three-year period after taking the COVID-19 withdrawal to repay the entire thing back into your eligible plan if you wanted to do that.

And then, Bob, I don't know if you know the answer to this question. So with the extension of the filing deadline as well as the payment deadline for 2019 tax returns to July 15, it's a great question to also figure out-- normally, people then have until the filing deadline to make a contribution to their retirement plan, their IRA, for example, that can relate back to the previous year. I have not followed that.

Do you know if that particular deadline also got extended with the filing deadline and the payment deadline? That you could make a contribution to your IRA by July 15 now and have that relate back to 2019? Or is that one still a hard you have to make the contribution by April 15?

- As with a lot of things, this is moving so fast that I don't know the answer to that question right now. Hopefully we will within a week or two. If I recall correctly, the authority that the IRS has to change deadlines once there's an emergency declaration extend to cover specific types of things for which they can change the deadline. And there are quite a few of them.

I don't recall whether that covers also the deadline that you talked about. But if it does, I don't believe the IRS has yet decided to extend it. If not, I'm sure that it's one of many issues that they are looking at.

Every time we talk with them or hear from them, they literally say along the lines of, we have 180 issues. And we're trying to figure out which ones we need to answer this week and which ones can wait till next month and which ones can wait for a couple of months. And they're issuing new information every day. That's the cheesy way of saying, I don't know the answer to your question but I'll talk about it for a while.

- Thank you. And it's quite an excellent question. And I imagine, Bob, for people on the webinar here and who might listen to the recording later, does the IRS have a dedicated portion on their website for questions related to the CARES Act in terms of updating guidance and getting more information out there for taxpayers?

- Yes, they do. I believe-- and let me see if while I'm on here I can go over and actually check that. I think if you go to IRS.gov/coronavirus, they-- hold on. That did not work correctly. No, I will have to find that. And we will try to put that was some of the information we put out on the website. They have a page. I just don't recall the address right now. [https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments]

- What we can do is we can try to put together a slide for tomorrow's presentation that could add that as well.

So there are a number of questions that have come up related to unemployment and small businesses and independent contractors. I believe those are topics that will be covered in tomorrow's webinar. So I wanted to let you know about that. That will happen at noon. And it's "Small business incentives under the CARES Act and what will help my business". So I think it will discuss some of the unemployment benefits that are part of the CARES Act.

In addition to that, we have another one on April 13, which is next Monday, that deals with health care implications under the CARES Act. We have some remaining questions if any of the panelists want to answer it. Oh, and I think somebody just found us the website, Bob, that they were asking for-- IRS.gov/coronavirus, perhaps?

- That's the correct one. [https://www.irs.gov/coronavirus-tax-relief-and-economic-impact-payments]

- OK, great. Any other comments or questions? I think we've addressed most of the remaining questions here.

- Yeah, I see one I think we haven't answered yet. "So if I pull from the retirement plan but realize I don't need as much [? as I can, ?] can I redeposit the excess amount? So unless this is one of the special COVID-19 withdrawals, my understanding is the normal rules on making a withdrawal from your retirement plan would apply, meaning that you have to do a rollover within 60 days of the distribution if you want to exclude it from your tax liability.

Remember that oftentimes with a retirement plan distribution, the plan provider will also withhold taxes on that distribution. So you not only have to repay the amount of cash that you receive but also the tax withholding that they took on that withdrawal in order for the entire amount that you want to put back in to not be subject to tax liability. So do keep that in mind if that's something you're wanting to do.

- There was also a question. A student was asking, “Does this mean that my refund next year is likely to be less than it was this year based on my student income?” In general, if you anticipate your income going down and you might not be eligible for much of a rebate based on 2019-- I'm sorry. If you expect it to be going up and you might not qualify in 2020, that's what Gary Lucas talked about earlier.

If you get an advance refund by filing a 2019 tax return quickly, preferably online, based on your current student income-- your current income for whatever reason-- you may qualify for a rebate. And then in 2020 you will file your return. You will have to put down, this is how much of a rebate I qualified. Oops, now it's zero. Subtract how much I've already received. Oh, I got $1,200. But you don't have to pay it back.

- Great. Well, thank you so much. I think we went through all our answers. All our questions were answered. So we look forward to tomorrow's presentation. And thank you so much to all three panelists for all your insights.

- Thank you.

- Thanks.

While the panelists are all attorneys, they will be discussing the law generally, and nothing in the webinar should be considered as legal advice. Attendees should consult their own legal advisor to address their own unique circumstances.

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