



March 31, 2020

Coronavirus Aid, Relief, and Economic Securities Act (CARES Act – H.R. 748) – 3/25/2020

Individual Highlights

Q: What and how much will I be getting from this Stimulus Check?

A: Under the CARES Act, eligible individuals will receive an advanced refundable tax credit of \$1,200 or \$2,400 if married filing jointly, plus an additional \$500 for each “qualifying child”.

A “qualifying child” is defined for the purpose of the dependency exemption, a child who is under the age of 17. It is important to note that based on the language of the statute, if a US citizen is living abroad, they should still qualify as an eligible individual entitled to the stimulus check. If a person can be claimed, regardless if they are, they should not be entitled to a check. If the dependent child is over 18, then no additional \$500. Check out the IRS’s guidance [here](#) on the tests to meet to be a Qualifying Child.

Check out the link to a calculator where you can estimate your stimulus check amount [here](#).

Check out the link to the IRS FAQ’s relating to the stimulus check that will be continuously updating [here](#).

Q: Is there a phase out of the credit?

A: Yes.

Those individuals with an adjusted gross income of \$75,000 or less (\$150,000 for joint filers) on their 2019 tax return will receive the full tax credit.

Those individuals with an adjusted gross income in excess of \$75,000 (\$150,000 for joint filers), the credit will be phased out by 5% for the amount an individual’s income exceeds the threshold.

Those individuals with an adjusted gross income in excess of \$99,000 (\$198,000 for joint filers), the credit is completely phased out if no dependent children. If at least 2 dependent children, the credit is completely phased out at an adjusted gross income of \$218,000.

Q: For our clients that have no income or income that comes entirely from a non-taxable benefit program, are they eligible?

A: Individuals who receive SSI benefits are eligible for the credit.

Q: What if the taxpayers 2019 tax return has not yet been filed?

A: If an individual has not yet filed a 2019 income tax return, IRS will determine the amount of the rebate using information from the taxpayer's 2018 return.

Q: What if there isn't a 2018 return that was filed?



March 31, 2020

Coronavirus Aid, Relief, and Economic Securities Act (CARES Act – H.R. 748) – 3/25/2020

Individual Highlights

A: If no 2018 return has been filed, IRS will use information from the individual's 2019 Form SSA-1099, Social Security Benefit Statement, or Form RRB-1099, Social Security Equivalent Benefit Statement.

Q: Is there action that needs to be taken by the individual to receive the rebate?

A: No action is necessary for the individual.

The IRS is planning to make the rebate electronically to an account which the payee authorized on or after Jan 1, 2018 in which they received a federal refund or federal payment.

If the taxpayer received their 2018 refund via a check instead of having direct deposit, then the taxpayer will receive their credit in the form of a check from the Treasury. If there was a 2018 tax payment due and therefore the IRS does not have a direct deposit on file, the Treasury will issue the taxpayer their credit in the form of a check. On the IRS website, it notes that in the coming weeks Treasury plans to develop a web-based portal for individuals to provide their banking information to the IRS online, so that individuals can receive their payments immediately as opposed to waiting for it to be mailed.

Q: How will taxpayers be notified of the rebate?

A: No later than 15 days after the rebate has been distributed, the IRS will mail a notice to the taxpayer's last known address indicating how the payment was made, the amount of the payment, and the phone number for reporting any failure to receive the payment to the IRS

Q: What about individuals that filed a joint return for 2019 and received an advanced rebate, but got divorced or filed separate for 2020?

A: Each individual will take into account half of the advance rebate when reducing the credit allowed for 2020

Q: What if a taxpayer files their tax return using an ITIN?

A: No credit will be allowed to an individual who doesn't include the individual's valid identification number (SSN) on the tax return for the tax year.

- This requirement does not apply to individual's that are in the armed forces at any time during the tax year.

Q: What if an individual's income is more in 2020 than it was in 2018 or 2019?

A: If an eligible individual's 2020 income is higher than the 2018 or 2019 income used to determine the rebate payment, the eligible individual will not be required to pay back any excess rebate.

Q: What if the individuals' income is lower?

A: If the eligible individual's 2020 income is lower than the 2018 or 2019 income used to determine the rebate payment such that the individual should have received a larger rebate, the eligible individual will



March 31, 2020

Coronavirus Aid, Relief, and Economic Securities Act (CARES Act – H.R. 748) – 3/25/2020

Individual Highlights

be able to claim an additional credit generally equal to the difference of what was refunded and any additional eligible amount when they file their 2020 income tax return.

Q: In regard to retirement contributions, what updates does the CARE Act have?

A: There are many favorable changes including:

- No 10% additional tax for coronavirus-related retirement plan distributions up to \$100,000
- Taxable amounts from such distributions can be included in income ratably over 3 years.
- Taxpayers can recontribute the funds to an eligible retirement plan within 3 years without regard to that year's cap on contributions.
- A coronavirus distribution is any distribution made after Jan 1, 2020 and before December 31, 2020 from an eligible retirement plan made to a qualifying individual
- A qualified individual is an individual:
 - (1) who is diagnosed with the virus SARS-CoV-2 or with coronavirus disease 2019 (COVID-19) by a test approved by the Centers for Disease Control and Prevention (CDC)
 - (2) whose spouse or dependent is diagnosed with such virus or disease by such a test, or
 - (3) who experiences adverse financial consequences as a result of being quarantined, being furloughed or laid off or having work hours reduced due to such virus or disease, being unable to work due to lack of child care due to such virus or disease, closing or reducing hours of a business owned or operated by the individual due to such virus or disease, or other factors as determined by the Secretary of the Treasury.
- Note that some states have their own penalty provisions.

Q: Does the CARE Act make any changes to the requirements for retirement distributions?

A: Yes! The updates include:

- The RMD requirement is waived for 2020
- The CARES Act provides that the RMD requirements do not apply for calendar year 2020 to:
 - (I) a defined contribution plan;
 - (II) a defined contribution plan which is an eligible deferred compensation plan but only if such plan is maintained by an employer; or
 - (III) an individual retirement plan.

Q: With the coronavirus pandemic and everyone wanting to offer help by means of donations, does the CARE Act touch on charitable contributions?

A: Yes! There are many updated rules such as:

- The CARES Act temporarily suspends the AGI limitation for qualifying cash contributions, instead permitting individual taxpayers to take a charitable contribution deduction for qualifying cash



March 31, 2020

Coronavirus Aid, Relief, and Economic Securities Act (CARES Act – H.R. 748) – 3/25/2020

Individual Highlights

contributions made in 2020 to the extent such contributions do not exceed the excess of the individual's contribution base over the amount of all other charitable contributions allowed as a deduction for the contribution year.

- Charitable Contributions \$300 above the line charitable deduction against their adjusted gross income.
 - The CARES Act adds a deduction to the calculation of gross income, in the case of tax years beginning in 2020, for the amount (not to exceed \$300) of qualified charitable contributions made by an eligible individual during the tax year.
 - For this purpose, the term "eligible individual" means any individual who does not elect to itemize deductions.
 - These contributions must be paid in cash during the 2020 year
 - Donations to a private foundation or a donor advised fund are not qualified contributions
- The CARES Act provides that (except as stated below) qualified contributions are disregarded in applying the 60% limit on cash contributions of individuals.
 - Contributions made to a private foundation or donor advised funds are not allowed
- In the case of any charitable contribution of food during 2020, the taxable income limits are 25% rather than 15%.