

# American Rescue Plan Act Summary

## 01 Unemployment

- The first \$10,200 in unemployment is tax free in 2020 for taxpayers making less than \$150,000 per year.

## 02 Recovery Rebates

- \$1,400 for single
- \$2,800 for MFJ
- Plus \$1,400 for each dependent (includes college students and other qualifying relatives)
- Income Ranges:
  - Single tax payers begin to phase out with AGI of \$75,000
  - MFJ phaseout begins at AGI of \$150,000 and completely at \$160,000
  - HoH phaseout begins at AGI of \$112,500 and completely at \$120,000
- Will use 2019 for eligibility, unless 2020 is filed

## 03 Child Tax Credit

- 17 year olds are eligible as qualifying children
- The credit increases to \$3,000 per child and \$3,600 for children under age 6
- Phaseout of income over \$150K for MFJ; \$112,000 for HoH and \$75K for Others
- Can be an advanced payment since this pertains to 2021
- IRS is setting up a portal to allow taxpayers to opt out of the advance payments or provide information that would be relevant

## **04** Earned Income Tax Credit

- Minimum age is decreased to 19, except for students (24)
- Maximum age is eliminated
- Income for disqualified investment income raised from \$2,200 to \$10,000
- Temporarily allowed to use 2019 income instead of 2021 income to figure the credit
- Increase the income phaseouts

## **05** Child and Dependent Care Credit

- Effective for 2021 only, this is refundable
- Worth 50% of eligible expenses - \$4,000 for one qualifying individual and up to \$8,000 for two or more
- Credit reduction starts at income above \$125K and for income over \$400K, the credit can be reduced below 20%

## **06** Family & Sick Leave Credits

- Extended to 9/30/21
- Increases the limit on the credit for family leave to \$12,000
- The number of days a SE individual can take into account in calculating the qualified family leave equivalent increased from 50 to 60 days
- The paid leave credits are allowed for leave due to a COVID-19 vaccine
- The overall numbers of days to take paid family leave resets after 3/31/21

## **07** ERC (Employee Retention Credit)

- Extended through the end of 2021

## **08** Student Loans

- Gross income does not include an amount due to discharge of any student loan between 12/31/20 and 1/1/26