



American Rescue Plan Act of 2021

On Thursday, March 11, 2021, President Biden signed a \$1.9 trillion COVID relief bill, also known as the American Rescue Plan Act of 2021. After multiple changes were made by the senate, here is a summary of what the final bill contains.

Stimulus Checks

- Stimulus checks will start going out this month, issued at \$1,400 per person
- Under the new eligibility rules, not everyone who received the first two payments will qualify for the third. Here's who is eligible for a stimulus check:
 - \$75,000 or less for individuals, with a phaseout at \$80,000
 - \$150,000 for joint filers, with a phaseout at \$160,000
 - \$112,500 for heads of households, with a phaseout at \$120,000
- Each dependent qualifies for a flat rate of \$1,400, even if the adult qualifies for less due to the income phaseouts
- Dependents are no longer restricted by age. College students under age 24, adult children with disabilities, and older adult relatives now count
- Payments would be based on 2019 or 2020 tax returns if already filed

Child Tax Credit Expanded

- Historically, the child tax credit allowed families to claim up to a \$2,000 credit for children under 17 years of age and, even if you owe no tax, you still receive a refundable portion of the credit, up to \$1,400
- Families can now claim up to \$3,600 per year for a child under 6 and up to \$3,000 per year for those between the ages of 6 and 17. To qualify, they must meet lower AGI requirements - \$75,000 for single filers, \$112,500 for heads of household and \$150,000 for married couples filing jointly
- Additionally, the temporary changes will waive the \$2,500 earning requirement and make the entire credit refundable, so parents who aren't employed can benefit by receiving the full amount of the credit
- Parents will also be able to get an advance on half of their 2021 credit, with monthly payments of \$250 to \$300 per child starting in July and running through December. The remaining child credit will be given after filing 2021 taxes next year. Qualification status will be based on either your 2019 or 2020 tax return information, depending on if you filed your 2020 taxes at the time payments are disbursed
- Parents who aren't eligible for the higher credit will still be able to claim the traditional child tax credit of up to \$2,000 per child, granted they meet the original eligibility requirements



Dependent Care

- Temporarily increases the value of the child and dependent care tax credit, which currently covers 35% of care expenses up to \$3,000 for one dependent or \$6,000 for two or more dependents
- Families can now get back, as a tax credit, as much as half their expense on childcare for children under age 13, up to \$4,000 for one child and \$8,000 for two or more children

Small Business Provisions

- Provides \$7.25 billion for the Paycheck Protection Program (PPP) forgivable loans. The deadline to submit applications remains March 31, 2021
- Makes more not-for-profits eligible for the PPP by creating a new category called “additional covered nonprofit entity”
- Also made eligible for the PPP are some larger not-for-profits previously ineligible due to employee counts
- Extends the Employee Retention Credit established by the CARES Act through Dec. 31, 2021. The measure also would expand eligibility for the credit to new startups that were established after Feb. 15, 2020, and companies if their revenue declined by 90% compared to the same calendar quarter of the previous year. The credit would be capped at \$50,000 per calendar quarter for startups

Affordable Care Act Premium Tax Credits

- For 2021 and 2022, the premium tax credits available for health insurance purchased on the health insurance marketplace (also known as the exchange) are increased. In addition, the eligibility for the credits for those two years is expanded to include individuals with household incomes exceeding 400% of the federal poverty level
- Individuals receiving unemployment benefits in 2021 can qualify for larger premium tax credits for that year
- For 2020, individuals who received advanced premium tax credits in excess of the amount to which they were entitled may not need to repay the excess credits

Other items in the bill include exempting student loan forgiveness from the income tax through January 1, 2026, vaccine delivery money, funding to reopen schools, additional money for state, local and tribal governments and an extension of the eviction ban with rental assistance funding.