Business & Estate Advisers, Inc.

With Your Interest In Mind

2020 CARES ACT: KEY PROVISIONS

On March 27, 2020, President Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act, in response to COVID-19. The $2 trillion-dollar stimulus package includes a wide range of provisions to help ease the effects of the resulting economic damage caused by the global pandemic. Below is a summary of some of the key provisions for individuals and businesses. For the full legislative text, please visit congress.gov.

Small business benefits include:

Business loans

- Certain small businesses can qualify for small business loans up to a maximum of the lesser of $10 million, or 2.5x the average monthly payroll costs. Proceeds can be used for payroll, health care, interest on mortgage obligations, rent, utilities and other debt obligations.

- Such loans, which have an interest rate of 1%, may be eligible for full or partial forgiveness. Eligible amounts must be spent during the first 8 weeks after the loan is made on payroll costs, rent, utilities, and group health insurance premiums, subject to certain restrictions.

Payroll taxes

- Payroll tax credit for qualifying businesses not receiving a covered loan (above).

- Employers are eligible to defer payroll taxes from the date of enactment, through the end of the year, until the end of 2021and 2022.

Benefits for individuals include:

Recovery rebate checks

- Americans are starting to receive their rebate checks. These rebates are designed as a refundable income tax credit against 2020 income of up to $2,400 for married couples filing a joint return. All other filers begin with a refundable credit of up $1,200. The credit amount then increases by up to $500 for each child a taxpayer has under the age 17.

- Adjusted gross income threshold amounts: Married Filing Jointly: $150,000; Head of Household: $112,500; All OtherFilers: $75,000. Payment is reduced by $50 for every $1,000 over threshold amounts.

Required Minimum Distributions (RMDs)

- Required Minimum Distributions are waived for 2020, and taxpayers who have already taken their RMDs for 2020 may have the option of returning them, if they so desire.

Charitable contributions

- New $300 above-the-line deduction for qualified charitable contributions. The adjusted gross income limit for cash charitable contributions has been temporarily repealed.

Student loans

- Student loan payments deferred until September 30, 2020, and employers can exclude student loan repayments from compensation.

Other provision benefits include: coronavirus-related distributions, unemployment compensation benefits, and non-designated beneficiaries (e.g. charities, estates, non-see-through trusts). To read about more the benefits to businesses and individuals, go to **https://business-estate.com/news/2020-cares-act-key-provisions/**.

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Sources: congress.gov (Coronavirus Aid, Relief, and Economic Security Act): www.kitces.com (Michael Kitces)

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Go to **business-estate.com** to read more about the **CARES Act**.

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