



In the first sweeping legislation for the new 117th Congress, H.R.1319, a \$1.865 trillion-dollar COVID-19 relief bill, becomes law. Here's are the steps this bill took:

- Congressional budget resolution to use budget reconciliation* for this bill
- February 24 - introduction of the bill in the House
- February 27 - narrow passage of the bill in the House (219-212)
- March 2 - introduction to the Senate
- March 5-6 - Senate consideration of 509 amendments and agreement of final amendments
- March 6 - Senate passes bill with amendments narrowly (50-49)
- March 9 - forward of the final draft to the House
- March 10 - reconsideration by the House of final version ends in narrow passage (220-211)
- March 11 - President signs into law

Within the bill are specific areas that impact employers and employee benefits. Here are the segments of interest:

Child Care Tax Credit

Section 9611. Child Tax Credit Improvements for 2021 – Applies to tax years beginning after December 31, 2020, and before January 1, 2022.

- A special rule is added the 2021 tax year, increasing the credit, for each child,* from the standard \$1,000 to \$3,000 (\$3,600 for children who have not attained the age of six as of 12/31/21)
- The child tax credit for taxpayers with a principal place of residence for more than half of the taxable year, or is a bona fide resident of Puerto Rico for the taxable year,
- The amount of the tax credit is reduced by \$50 for each \$1,000 by which the taxpayer's adjusted gross income exceeds the applicable percentage
- **Applicable threshold-** applies by type of return filed
 - \$150,000 for joint return
 - \$112,500 for head of household
 - \$75,000 in any other case

***Budget reconciliation** is a special process that allows for easier passage of the bill through the Senate. It allows passage with a simple majority, eliminates the filibuster by limiting debate to 20 hours, limits amendments to those that reduce the deficit or are deficit-neutral, and requires that all provisions of the bill affect the budget, e.g., revenue, expenses, or the debt limit.

*Referenced as "qualifying child of the taxpayer" under 26 U.S. Code § 24. Child tax credit, which is a child of the taxpayer who has not attained age 18.

Section 9631. Refundability and Enhancement of Child and Dependent Care Tax Credit – Applies to tax years beginning after December 31, 2020, and before January 1, 2022.

- For taxpayers who have a principal place of abode in the United States for more than half the year, the amount of the employment-related expenses incurred during any taxable year which may be taken into account shall not exceed:
 - \$8,000 (previously \$3,000) if there is one qualifying individual with respect to the taxpayer for such taxable year, or
 - \$16,000 (previously \$6,000) if there are two or more qualifying individuals with respect to the taxpayer for such taxable year
 - **Phase-out percentage-** means 20 percent reduced (but not below zero) by one percentage point for each \$2,000 (or fraction thereof) by which the taxpayer's adjusted gross income for the taxable year exceeds \$400,000



Section 9632. Increase in Exclusion for Employer-Provided Dependent Care Assistance – Applies to tax years beginning after December 31, 2020, and before January 1, 2022.

- Gross income of an employee does not include amounts paid or incurred by the employer for dependent care assistance provided to such employee if the assistance is furnished pursuant to a program
- The amount which may be excluded for dependent care assistance with respect to dependent care services shall not exceed \$10,500 (previously \$5,000) or \$5,250 (previously \$2,500) in the case of a separate return by a married individual).
- **Retroactive Plan Amendments-** A plan that otherwise satisfies all applicable requirements of sections 125 and 129 of the Internal Revenue Code of 1986 (including any rules or regulations thereunder) shall not fail to be treated as a cafeteria plan or dependent care assistance program merely because such plan is amended pursuant to a provision under this section and such amendment is retroactive, if-
 - such amendment is adopted no later than the last day of the plan year in which the amendment is effective, and
 - the plan is operated consistent with the terms of such amendment during the period beginning on the effective date of the amendment and ending on the date the amendment is adopted

COBRA Election and Premium Assistance

Section 9501. Preserving Health Benefits for Workers (COBRA Eligibility Changes) – “Effective period” is expanded first of the month after the date of enactment, i.e. April 1, 2021, through September 30, 2021.

Eligibility. This section provides a 100% subsidy for COBRA premiums incurred between April 1, 2021 and September 30, 2021. Eligible employees, referred to in the law as Assistance Eligible Individuals (AEIs) are those:

- With COBRA eligibility between November 1, 2019 and September 30, 2021, even if they did not previously elect COBRA or elected COBRA and cancelled before the end of the term;
- that lost coverage due to:
 - an involuntary termination of employment (other than by reason of gross misconduct); or
 - a reduction in hours; and
 - who enroll in COBRA coverage as of April 1, 2021 or who elect COBRA coverage during the 60-day period following the date they are notified of this premium subsidy and corresponding election

Applicability. This COBRA provision applies to group health plans subject to federal COBRA and state continuation programs that offer benefits similar to COBRA. Forthcoming guidance from the IRS and DOL will provide additional clarification.

Length of Subsidy Term. The COBRA premium subsidy ends the earlier of:

- the last day of the individual’s 18-month COBRA period (counted from the original date of COBRA eligibility);
- eligibility for Medicare, a flexible spending account (FSA), a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA) or another group health plan (except for excepted-only benefits coverage); or
 - September 30, 2021

Option to change plans. Employers may choose to also offer an option to AEIs to select a different health plan than the one they had prior to their qualifying event. This option applies if:

- the employer permits this type of enrollment change;
- the premium does not exceed the premium of the individual’s existing coverage;
- other similarly situated active employees have the option to enroll in the plan;



- the individual elects a plan change within 90 days of plan enrollment date and the plan is not coverage that provides only excepted benefits, is a Qualified Small Employer Health Reimbursement Arrangement (QSEHRA), or a flexible spending account (FSA)

Employers have an obligation to provide a new COBRA notice to all AEIs. Additionally, employers will need to notify individuals prior to the expiration of the COBRA subsidy.

Notice Requirements. The law requires employers to provide two notices. One to those who are newly eligible, i.e. election notice, and one prior to the date the premium subsidy will end, i.e. notice of expiration. These notice requirements are in addition to the standard notification requirements provided under COBRA so, therefore, do not replace any of the other standard COBRA obligations. *[Within 30 days of enactment, the Secretaries of Labor and Health and Human Services will provide COBRA extension/premium assistance model notice and notice of the expiration of premium assistance.]*

- Notice of eligibility for premium subsidy- Employers must provide notice to all AEIs within 60 days of the date of enactment, i.e. before June 1, 2021. Plan sponsors may meet this requirement by amending their current COBRA election forms or including a separate document with the notice.

Election Notice. Valid election notices must include the following elements:

- a description, displayed in a prominent manner, of the qualified beneficiary's right to a reduced premium and any conditions on entitlement to the reduced premium; and
 - a description of the option of the qualified beneficiary to enroll in different coverage if the employer permits such beneficiary to elect to enroll in such different coverage
 - the forms necessary for establishing eligibility for premium assistance;
 - name, address, and telephone number necessary to contact the plan administrator and any other person maintaining relevant information in connection with such premium assistance;
 - a description of the extended election period;
 - a description of the obligation of the qualified beneficiary to notify group health plan of eligibility status for another plan;
- **Expiration Notice.** Notice to AEI's expiration of premium assistance must:
 - be made within 15-45 days prior to the expiration of premium assistance;
 - contain clear and understandable language stating when the premium assistance will end; and
 - include the individual's eligibility for continued coverage, without premium assistance, under COBRA or a group health plan (unless they are no longer eligible due to expiration of COBRA period or coverage under another group health plan)

Section 6432. Continuation Coverage Premium Assistance – Applies to premiums and wages paid on or after April 1, 2021.

- Employers may take a credit against their hospital insurance taxes (§ 3111(b)) for each calendar quarter and amount equal to the premiums not paid by AEIs for such coverage
- The credit may not exceed the total tax imposed under § 3111(b) with respect to the employment of all employees of the employer
- If the credit exceeds the limit for any calendar quarter, it will be treated as an overpayment that shall be refunded
- In anticipation of the credit, the credit may be advanced, including the refundable portion, up to an amount calculated through the end of the most recent payroll period in the quarter
- Includes government of any State or political subdivision, any Indian tribal government, any agency or instrumentality of any of the foregoing, and any agency or instrumentality of the Government of the United States that is described in section 501(c)(1) and exempt from taxation under section 501(a)



- The credit does not apply with respect to any amount which is taken into account as qualified wages under the Employee Retention Credit or the credits for paid sick leave or family leave in this law or under the Families First Coronavirus Response Act
- The period for the assessment of any amount attributable to a credit shall not expire before five years after the later of the date on which the original return is filed or the date on which the return is treated as filed
- Employee payments exceeding the amount after assistance, must be returned to the employee within 60 days of the date that they elect continuation (applies if employee pays the premium)

Section 6720C. Penalty for Failure to Notify Health Plan of Cessation of Eligibility for Continuation Coverage Premium Assistance – Applies to tax years after the date of enactment.

- Individuals who fail to notify employers when they are no longer eligible may pay a penalty of \$250
- If failure to notify is intentional or fraudulent, the penalty is equal to the greater of \$250 or 110% of the premium assistance after termination of eligibility
- The penalty may be waived if it is shown that the failure is due to reasonable cause and not willful neglect

Section 139I. Continuation Coverage Premium Assistance – Applies to tax years after the date of enactment.

- Gross income does not include any premium assistance provided under section 2401

Section 9651. Extension of Employee Retention Credit – Applies to calendar quarters beginning after June 30, 2020.

- Credit allowed against applicable employment taxes for each calendar quarter equal to 70% of qualified wages paid to employees after June 30, 2020, and before January 1, 2022, for any calendar quarter, up to a maximum of \$10,000 per employee per calendar quarter (recovery start-up businesses* = up to \$50,000 for any calendar quarter)
- Allows credit against the 1.45% hospital insurance tax, i.e., Medicare rate (payable as part FICA) for each calendar quarter to 100% of the qualified sick leave wages paid by the employer with respect to such calendar quarters
- Does not apply to the Government of the United States, the government of any State or political subdivision, or any agency or instrumentality, unless they are 501(c)(1) organizations, entities exempt from tax under 501(a), a college or university, or whose principal purpose is to provide medical or hospital care
- Credit availability- The credit is available to employers whose:
 - A. operations were fully or partially suspended during the calendar quarter due to orders from an appropriate governmental authority limiting commerce, travel, or group meetings (for commercial, social, religious, or other purposes) due to the coronavirus disease 2019 (COVID-19), or
 - B. gross receipts for such calendar quarter are less than 80 percent of the gross receipts of such employer for the same calendar quarter in calendar year 2019.
- Qualified wages means:
 - in the case of an eligible employer for which the average number of full-time employees (within the meaning of section 4980H)* employed during 2019 was greater than 500 - wages paid for which an employee is not providing services due to applicable circumstances
 - in the case of an eligible employer for which the average number of full-time employees (within the meaning of section 4980H) employed during 2019 was not greater than 500:
 - wages paid during any period for employers described under Credit Availability reason A, or
 - wages paid employee during such quarter for employers described under Credit Availability reason B

***Recovery start-up businesses:** Any employer which began carrying on any trade or business after February 15, 2020, for which the average annual gross receipts for the three years prior to the quarter for which the credit is determined, does not exceed \$1,000,000 and neither "Credit Availability" items A or B apply.

***4980H:** The employer shared responsibility provision of the Affordable Care Act that defines the calculation of "full-time equivalent employees."



- Wages include the amounts paid by an employer to provide and maintain a group health plan as long as the amounts are excludable from the gross income of employees by reason of [section 106\(a\)](#)

Federal Employee Leave Fund

Section 5111. Emergency Federal Employee Leave Fund – *Leave paid under this section may only be provided to and used by an employee as of the date of enactment and ending on September 30, 2021.*

- Applies to individuals in the executive branch, United State Postal Service, Postal Regulatory Commission, and Public Defender Service for the District of Columbia and District of Columbia Courts
- Amounts available for reimbursement to an agency for the use of paid leave by any employee who is unable to work because the employee:
 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
 2. has been advised by a health care provider to self-quarantine due to concerns related to COVID-19;
 3. is caring for an individual who is subject to such an order or has been so advised;
 4. is experiencing symptoms of COVID-19 and seeking a medical diagnosis;
 5. is caring for a son or daughter of such employee if the school or place of care of the son or daughter has been closed, if the school of such son or daughter requires or makes optional a virtual learning instruction model or requires or makes optional a hybrid of in-person and virtual learning instruction models, or the child care provider of such son or daughter is unavailable, due to COVID-19 precautions;
 6. is experiencing any other substantially similar condition;
 7. is caring for a family member with a mental or physical disability or who is 55 years of age or older and incapable of self-care, without regard to whether another individual other than the employee is available to care for such family member if the place of care for such family member is closed or the direct care provider is unavailable due to COVID-19; or
 8. is obtaining immunization related to COVID-19 or to recover from any injury, disability, illness, or condition related to such immunization.
- Paid leave shall not exceed:
 - 600 hours of paid leave for each full-time employee
 - Proportional equivalent of 600 hours for those who are part-time, on an uncommon tour of duty, or seasonal work schedule
 - May not exceed \$2,800 in aggregate for any biweekly pay period for a full-time employee, or a proportional equivalent biweekly limit for a part-time employee
- Paid leave provided under this section is in addition to any other leave provided to an employee and may not be used concurrently with any other leave
- Any amount paid under this provision will reduce the total service used to calculate any Federal civilian retirement benefit

Paycheck Protection Program (PPP)

Section 5001. Modifications to the Paycheck Protection Program

- **Eligibility of Certain Non-Profit Entities**- expands to include all 501(c) entities other than [paragraphs \(3\), \(4\), \(6\), or \(19\)](#), and exempt from tax under section 501(a) of such Code
 - Employs 500 or fewer employees per physical location and an additional covered nonprofit entity would be eligible for a covered loan shall be eligible if they employ not more than 300 employees per physical location
 - Additional covered nonprofit entities are eligible if they do not receive more than 15% of its receipts from lobbying activities, the lobbying activities do not comprise 15% or more of the activity of the organization, the cost of lobbying activities did not exceed \$1,000,000 during the most recent tax year of the additional covered nonprofit entity that ended prior to February 15, 2020, and they do not employ more than 300 employees



- Extends eligibility for second draw loans to additional covered nonprofit entities
- **Eligibility for Internet Publishing Organizations-** expands to include businesses with [North American Industry Classification System \(NAICS\) code of 519130](#).
 - Employs 500 or fewer employees per physical location or size standard established by NAICS
 - Must have a majority ownership or control by a business concern or organization assigned NAICS code 519130
 - Business certifies in good faith as an Internet-only news or periodical publisher and is engaged in the collection and distribution of local, regional, or national news and further certifies that proceeds will be used to support expenses that support regional or local news
 - Extends eligibility for second draw loans to these publishing entities
- **Coordination with Continuation Coverage Premium Assistance-** extends loan forgiveness to coincide with the continuation coverage premium assistance period

Section 5002. Targeted EIDL Advance

- Authorizes supplemental payment of \$5,000 to impacted small businesses
- “Severely impacted small business” means a covered entity that suffered an economic loss greater than 50% and that employs not more than ten people
- “Substantially impacted small business” means a covered entity that employs not more than ten employees and is not a severely impacted small business
- Beginning 28 days after the date of enactment, the Administrator will begin processing loans for the severely impacted small businesses.
- Beginning 42 days after the date of enactment, the Administrator will begin processing loans for the substantially impacted small businesses.

Section 5003. Support for Restaurants

- Authorizes supplemental payment of \$5,000 to impacted small businesses
- **Covered period-** period beginning February 15, 2020, and ending December 31, 2021, or a date determined by the Administrator that is not more than two years after the date of enactment
- **Eligible entity-** means a restaurant, food stand, food truck, food cart, caterer, saloon, inn, tavern, bar, lounge, brewpub, tasting room, taproom, licensed facility or premise of a beverage alcohol producer where the public may taste, sample, or purchase products, or another similar place of business in which the public or patrons assemble for the primary purpose of being served food or drink
 - does not include an entity that is a State or local government-operated business, as of March 13, 2020, owns or operates (together with affiliates) more than 20 locations even if regardless of whether they are doing business under the same or multiple names, is a publicly-traded company, or has a pending application or has received a grant under the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act
- **“Affiliated business”** means a business in which an eligible entity has an equity or right to profit distributions of not less than 50 percent, or in which an eligible entity has the contractual authority to control the direction of the business, provided that such affiliation shall be determined as of any arrangements or agreements in existence as of March 13, 2020.
- **“Pandemic-related revenue loss”** means the gross receipts during 2020 subtracted from the gross receipts of 2019
 - **“Payroll costs”** means the sum of payments of any compensation with respect to employees that is a
 - salary, wage, commission, or similar compensation;
 - payment of cash tip or equivalent;
 - payment for vacation, parental, family, medical, or sick leave;
 - allowance for dismissal or separation;



- payment required for the provisions of group health care benefits, including insurance premiums;
- payment of any retirement benefit; or
- payment of State or local tax assessed on the compensation of employees; and
- the sum of payments of any compensation to or income of a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in 1 year, as prorated for the covered period; and
- shall not include-
 - the compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period;
 - taxes imposed or withheld under chapters 21, 22, or 24 of title 26 during the covered period;
 - any compensation of an employee whose principal place of residence is outside of the United States;
 - qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116-127); or
 - qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act
 - qualified wages taken into account in determining the credit under section 2301 of the CARES Act
 - credits allowed under section 6432
- **Maximum Loan-** Restaurant revitalization grants shall not exceed \$10,000,000 and shall be limited to \$5,000,000 per physical location
 - Total loan amount shall be equal to the pandemic-related revenue loss of the eligible entity
 - Any amount of a grant based on estimated receipts that is greater than the actual gross receipts of the eligible entity in 2020 shall be returned to the Treasury
- **Use of funds-** during the covered period, expenses for the following incurred as a direct result of, or during, the COVID-19 pandemic
 - A. Payroll costs
 - B. Payments of principal or interest on any mortgage obligation (which shall not include any prepayment of principal on a mortgage obligation)
 - C. Rent payments, including rent under a lease agreement (which shall not include any prepayment of rent)
 - D. Utilities
 - E. Maintenance expenses, including-
 - construction to accommodate outdoor seating; and
 - walls, floors, deck surfaces, furniture, fixtures, and equipment.
 - F. Supplies, including protective equipment and cleaning materials
 - G. Food and beverage expenses that are within the scope of the normal business practice of the eligible entity before the covered period.
 - H. Covered supplier costs, as defined in section 7A(a) of the Small Business Act (as redesignated, transferred, and amended by section 304(b) of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Public Law 116-260)).
 - I. Operational expenses
 - J. Paid sick leave
 - K. Any other expenses that the Administrator determines to be essential to maintaining the eligible entity
- **Return of funds-** entities who do not use or cease operations permanently on or before the last day of the covered period shall return any unused funds to the Treasury



Paid Sick and Family Leave

Section 9641. Payroll Credits – *Applies to calendar quarters after March 31, 2020, and to wages paid with respect to the period beginning on April 1, 2021, and ending September 30, 2021.*

- Amends certain Emergency Paid Sick Leave (EPSL) and Extended Family Leave (EFML) provisions defined under the Families First Coronavirus Response Act (FFCRA)
- Allows employers the option to provide new 10-days period of EPSL and EFML beginning April 1, 2021 and ending September 30, 2021 and to take the corresponding credit against the 1.45% hospital insurance tax, i.e. Medicare rate (payable as part FICA) for each calendar quarter to 100% of the qualified sick or family leave wages paid by the employer with respect to such calendar quarters
 - Previous provisions allowed the following leave reasons and corresponding credit:

Need for Leave	Compensation
1. Federal, state, or local quarantine or isolation order related to COVID-19;	<ul style="list-style-type: none"> • The greater of the employee’s regular pay, the minimum wage in effect under FLSA, or the state/local minimum wage rate in effect up to a maximum of \$511 per day and \$5,110 in aggregate • 2/3 of the greater of the employee’s regular pay, the minimum wage in effect under FLSA, or the state/local minimum wage rate in effect up to a maximum of \$200 per day and \$2,000 in aggregate
2. Advice by a health care provider to self-quarantine due to COVID-19-related concerns;	
3. Employee experiencing symptoms of COVID-19 and seeking a medical diagnosis;	
4. Employee’s need to care for an individual who is subject to an order or who has been advised to quarantine by a health care provider;	
5. Employee’s need to care for a son or daughter if the school or place of care closes or is unavailable due to COVID-19 precautions; or	
6. The employee is experiencing any other substantially similar condition specified by the Secretary of Health and Human Services (HHS) in consultation with the Secretary of the Treasury and Secretary of Labor	

- Expands the EPSL and EFML reason #3 to state:
 - “The employee is experiencing symptoms of COVID–19 and seeking a medical diagnosis, the employee is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 and such employee has been exposed to COVID-19 or the employee’s employer has requested such test or diagnosis, or the employee is obtaining immunization related to COVID–19 or recovering from any injury, disability, illness, or condition related to such immunization” and
 - For EFML, removes the requirement to exhaust the 10 days of sick leave prior to the application of the leave
- No credit shall be allowed to any employer, for any calendar quarter, if the employer limits the availability of the provision only to certain employees which results in, discrimination in favor of highly compensated employees (within the meaning of section 414(q)), full-time employees, or employees on the basis of employment tenure with such employer).
- The tax credit amounts remain the same as indicated above with one exception: allowable qualified wages for EFML shall not exceed \$200 per day or \$12,000 in aggregate (*previously \$10,000*)



Section 9642. Credit for Sick Leave for Certain Self-Employed Individuals and Section 9643. Credit for Family Leave for Certain Self-Employed Individuals – *Applies calendar quarters beginning after March 31, 2021, and to days during the period beginning on April 1, 2021, and ending September 30, 2021.*

- Amends certain Emergency Paid Sick Leave (EPSL) and Extended Family Leave (EFML) provisions defined under the Families First Coronavirus Response Act (FFCRA)
- Expands the benefit to be available separately with respect to each taxable year
- Modifies EPSL allowable reason #3 to now state:
 - “The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis, the employee is seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19 and such employee has been exposed to COVID-19 or the employee’s employer has requested such test or diagnosis, or the employee is obtaining immunization related to COVID-19 or recovering from any injury, disability, illness, or condition related to such immunization” and
 - For EFML, removes the requirement to exhaust the ten days of sick leave prior to its application
- The **sick leave equivalent amount** is:
 - the number of days during the taxable year (but not more than ten) that the individual is unable to perform services in any trade or business for a reason with respect to which such individual would be entitled to receive sick leave (as defined above), multiplied by
 - (B) the lesser of-
 - \$200 (\$511 in the case of any day of paid sick time described in paragraph (1), (2), or (3) of section 5102(a) of the Emergency Paid Sick Leave Act, or
 - 67 percent (100 percent in the case of any day of paid sick time described in paragraph (1), (2), or (3) of section 5102(a) of the Emergency Paid Sick Leave Act) of the average daily self-employment income of the individual for the taxable year.
- **Average daily self-employment income** is the net earnings from self-employment of the individual for the taxable year, divided by 260
- Coordination with credit for sick leave- Any day taken into account in determining the qualified sick leave equivalent amount with respect to any eligible self-employed individual under section 9642 shall not be taken into account in determining the qualified family leave equivalent amount with respect to such individual under this section.

Premium Tax Credit

Section 9661. Improving Affordability by Expanding Premium Assistance for Consumers – *Applies to taxable years beginning in 2021 or 2022.*

Adjusts the determination for premium subsidies in the Exchange. This law temporarily modifies an individual’s eligibility for a subsidy by removing any limitation based on income but, instead, caps the premium at no more than 8.5% of household income. As indicated in the chart below, amounts above the individual’s threshold are reimbursable to the individual based on the lesser of the premium cost or the cost of the second lowest cost silver plan in the rating area where the individual resides.



Section 9663. Application Premium Tax Credit in Case of Individuals Receiving Unemployment Compensation During 2021 – Applies to taxable years beginning in 2021 or 2022.

- In the case of a taxpayer who has received, or has been approved to receive, unemployment compensation for any week beginning during 2021, for the taxable year in which such week begins-
 - such taxpayer shall be treated as an applicable taxpayer, and
 - there shall not be taken into account any household income of the taxpayer in excess of 133% of the poverty line for a family of the size involved, i.e., they are eligible for the maximum premium assistance regardless of actual previous income

Recovery Rebates for Individuals

Section 9601. Additional Recovery Rebates for Individuals – This new credit is in addition to the credit previously paid.

- For the tax year beginning in 2021, eligible individuals will receive a credit in the amount of:

In the case of household income (expressed as a percent of poverty line) within the following income tier:	The initial premium percentage is	The final premium percentage is
Up to 150.0 percent	0.0	0.0
150.0 percent up to 200.0	0.0	2.0
200.0 percent up to 250.0	2.0	4.0
250.0 percent up to 300.0	4.0	6.0
300.0 percent up to 400.0	6.0	8.5
400.0 percent and higher	8.5	8.5

- \$1,400 per adults (\$2,800 married filing jointly) plus \$1,400 for each dependent of the taxpayer
- Applies to individuals with adjusted gross income up to \$75,000 per taxpayer, \$112,500 for head of household, or \$150,000 for married filing jointly
- Credits are not available for taxpayers with income over \$99,000, \$146,000 for head of household, or \$150,000 for married filing jointly
- No payments will be made for any taxpayer deceased prior to January 1, 2021
- Eligibility is anyone who is not a nonresident alien individual, or any individual claimed as a dependent of another taxpayer, or an estate or trust
- Receiving the Rebate. Generally, a credit increases the amount of your tax refund or decreases the amount of taxes owed. The amount you receive for the Recovery Rebate Credit will be included as part of your refund or applied to any tax owed.

Student Loan Forgiveness

Section 9675. Modification of Treatment of Student Loan Forgiveness – Applies to gross income after December 31, 2020, and before January 1, 2026.

Makes student loan forgiveness tax-free. Previous laws made any student loan debt canceled by the government a part of gross income, i.e., taxable.



Unemployment Provisions of the CARES Act

Section 9011. Extension of Pandemic Unemployment Assistance. *Effective upon enactment as if included in the CARES Act and applies to payments pertaining to weeks of unemployment after March 14, 2021.*

- Extension from March 14, 2021 to September 6, 2021 for those currently receiving, but not yet exhausting, benefits and for relief for governmental entities and nonprofit organizations
- Increases maximum number of weeks from 50 to 79
- Adds additional unemployment funding of \$300 per week for weeks of unemployment beginning on or after March 15, 2021 and ending before September 6, 2021

Section 9042. Suspension of Tax on Portion of Unemployment Compensation – Any taxable year beginning in 2020.

- Up to \$10,200 of unemployment compensation is exempt from taxable income, i.e. does not need to be included in income, if the adjusted gross income of the taxpayer is less than \$150,000

Workers' Compensation

Section 4016. Eligibility for Workers' Compensation Benefits for Federal Employees Diagnosed with COVID-19. *Limitation – Duration of benefits may not exceed September 30, 2030.*

- Applies to covered employees employed in the Federal service at any time between January 27, 2020, and January 27, 2023.
- "Covered employees" are those who are diagnosed and who, during a covered exposure period prior to their diagnosis, carry out duties that
 - require contact with patients, members of the public or co-workers; or
 - include a risk of exposure to the novel coronavirus (does not apply to those exclusively teleworking during a covered exposure period)
- Allows workers' compensation coverage for employees exposed to, and who contract, the coronavirus that arises out of the nature of their covered employment
- Eligible individuals are entitled to benefits, including disability income, medical services, and survivor benefits