



American Rescue Plan Act of 2021

(Updated as of March 15, 2021)

The *\$1.9 trillion American Rescue Plan Act of 2021* was signed into law on March 11th, 2021. This is the third stimulus package passed since last March and follows the \$900 billion Coronavirus Relief Bill in December 2020 and the \$2.3 trillion Cares Act in March 2020. The plan includes additional unemployment aid, direct payments, expansion of tax credits, funding for vaccine distribution, and aid for state and local governments. We have reviewed the American Rescue Plan of 2021 and summarized key elements of the law.

Individual Relief Programs:

Additional Recovery Checks to Taxpayers

- A third round of direct payments will be made via electronic transfer or check. These payments are expected to go out between mid-March and into early-April. You can check the status of a payment at <https://www.irs.gov/coronavirus/get-my-payment>.
- Direct payments would be \$1,400 per individual and qualifying dependent.
- Payments will be based on your 2020 income if you have filed your taxes by the time the checks are being sent out. If you have not, then payments will be based on your 2019 income. This payment is an advance of a recovery rebate tax credit for the 2021 tax year.
- Phase-out of benefits start at \$75,000 for single filers and those earning more than \$80,000 will not receive payments. For Joint Filers, phase-out of benefits will start at \$150,000 and those earning more than \$160,000 will not receive payments.
- Note, the phase-out of benefits occurs at lower income levels than the previous two rounds of checks.

Extension of Unemployment Insurance Compensation Benefits

- Provides an additional \$300 per week supplement to State Unemployment Insurance and extends these benefits through September 6, 2021.



Tax Treatment of 2020 Unemployment Benefits

- Provides an exemption on the first \$10,200 of 2020 unemployment benefits from federal income tax for those making less than \$150,000 per year.

Enhanced Child Tax Credit (CTC) for 2021

- For 2021 only, the child tax credit will be increased up to \$3,600 (for children under 6) from its current level of \$2,000 per child. The credit for children ages 6 – 17 will be \$3,000. Note, previously, 17-year olds were not eligible for this credit.
- This credit will begin phasing out at \$75,000 per individual and \$150,000 for those Filing Jointly.

Increase in Child and Dependent Care Tax Credits for 2021

- Temporary increase to child and dependent care tax credits. Tax credits to subsidize childcare will increase up to a maximum value of \$4,000 for one qualifying individual, or \$8,000 for two or more qualifying individuals.

Earned Income Tax Credit (EITC) Changes

- Raises the maximum Earned Income Tax Credit for adults without kids from \$543 to \$1,502 and lowers the age of eligibility from 25 to 19.

Student Loan Forgiveness Tax Treatment

- Treats any student loan forgiven or discharged on a tax-free basis if this occurred during 2021 and through 2026.



Small Business Owner Programs:

Paycheck Protection Program (PPP)

- Additional funding of \$7.25 billion allocated to the Paycheck Protection Program and its eligibility will expand to additional non-profits. There is still half of the \$284 billion in funding that was added to the program in January 2021 available. The application window for this program closes on March 31st, 2021.

Economic Injury Disaster Loans Program (EIDL)

- Additional \$15 billion in funding to the U.S. Small Business Administration (SBA) for EIDL grants for eligible small businesses.

Extension of Employee Retention Credit

- Extension of credit through December 31st, 2021.
- Expands eligibility for this credit to new companies established after February 15th, 2020 and for 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.

Summary of Other Items:

- \$120 billion in funding for the Elementary and Secondary School Emergency Relief Fund through 2023.
- \$70 billion for vaccine manufacturing, distribution, and testing/contact tracing.
- Nearly \$30 billion for the Restaurant Revitalization Fund to provide grants to eligible restaurants.
- \$350 billion allotted for state and local governments.

The team at Landmark Wealth Management is available should you have any questions on the above information. Please do not hesitate to reach out.