**2020 recovery rebates for individuals**
Recovery checks of up to $1,200 will be put into the hands of most taxpayers, providing cash immediately to individuals and families. Married couples who file a joint return are eligible for up to $2,400. Those amounts increase by $500 for every child. These checks are reduced for higher income taxpayers and begin phasing out after a single taxpayer has $75,000 in adjusted gross income and $150,000 for joint filers. The IRS will base these amounts on the taxpayer's 2018 tax return. The rebate amount is reduced by $5 for each $100 a taxpayer's income exceeds the phase-out threshold. The amount is completely phased-out for single taxpayers with incomes exceeding $99,000 and $198,000 for joint filers. The IRS will base these amounts on the taxpayer's 2018 tax return.

Taxpayers with little or no income tax liability, but at least $2,500 of qualifying income, would be eligible for a minimum rebate check of $600 ($1,200 married). Qualifying income includes earned income, as well as Social Security retirement benefits and certain compensation and pension benefits paid to veterans. This ensures relief gets to low-income seniors and disabled veterans.

**Delay of certain deadlines**
The provision extends the April 15th filing date to July 15th, giving individuals more time to file their tax returns given the limitations caused by the COVID-19 emergency. The filing date would be aligned with the extended payment filing date already announced by the Internal Revenue Service.

The provision also allows all individuals to postpone estimated tax payments due from the date of enactment until October 15, 2020. There is no cap on the amount of tax payments postponed, and any individual required to make estimated tax payments can take advantage of the postponement. This delay should increase the available cash flow for individuals experiencing cash shortfalls as a result of the COVID-19 emergency.

**Special rules for use of retirement funds**
Consistent with previous disaster-related relief, this provision waives the 10-percent early withdrawal penalty for distributions up to $100,000 from qualified retirement accounts for coronavirus-related purposes. In addition, income attributable to such distributions would be subject to tax over three years, and the taxpayer may recontribute the funds to an eligible retirement plan within three years without regard to that year's cap on contributions. Further, the provision provides flexibility for loans from certain retirement plans for coronavirus-related relief.

A coronavirus-related distribution is a distribution made to an individual: (1) who is diagnosed with COVID-19, (2) whose spouse or dependent is diagnosed with COVID-19, or (3) who experiences adverse financial consequences as a result of being quarantined, furloughed, laid off, having work hours reduced, being unable to work due to lack of child care due to COVID-19, closing or reducing hours of a business owned or operated by the individual due to COVID-19, or other factors as determined by the Treasury Secretary.

**Allowance of partial above the line deduction for charitable contributions.**
The provision encourages Americans to contribute to churches and charitable organizations in 2020 by permitting them to deduct up to $300 of cash contributions, whether they itemize their deductions or not.

**Modification of limitations on charitable contributions during 2020**
The provision increases the limitations on deductions for charitable contributions by individuals who itemize, as well as corporations. For individuals, the 50-percent of adjusted gross income limitation is suspended for 2020. For corporations, the 10-percent limitation is increased to 25 percent of taxable income. This provision also increases the limitation on deductions for contributions of food inventory from 15 percent to 25 percent.

**Delay of estimated tax payments for corporations**
The provision allows corporations to postpone estimated tax payments due after the date of enactment until October 15, 2020. There is no cap on the amount of tax payments postponed. This delay will provide critical cash flow to help businesses maintain operations and continue paying employees during the COVID-19 emergency.

**Delay of payment of employer payroll taxes**
The provision allows employers and self-employed individuals to defer payment of the employer share of the Social Security tax they otherwise are responsible for paying to the federal government with respect to their employees. All employers are responsible for paying a 6.2-percent Social Security tax on employee wages. The provision requires that the deferred employment tax be paid over the following two years, with half of the amount required to be paid by December 31, 2021 and the other half by December 31, 2022. The Social Security Trust Funds will be held harmless under this provision.

**Modifications for net operating losses**
The provision relaxes the limitations on a company's use of losses from prior years. NOLs are currently subject to a taxable income limitation, and they cannot be carried back to reduce income in a prior tax year. This provision provides that a loss from 2018, 2019, or 2020 can be carried back five years. The provision also temporarily removes the taxable income limitation to allow an NOL to fully offset income. These changes will allow companies to utilize losses and amend prior years' returns, which will provide critical cash flow and liquidity during the COVID-19 emergency.

**Modification of limitation on losses for taxpayers other than corporations**
The provision modifies the loss limitation applicable to pass-through businesses and sole proprietors, so they can benefit from the NOL carryback rules described above and access critical cash flow to maintain operations and payroll for their employees.

**Modification of credit for prior year minimum tax liability of corporations**
The corporate AMT was repealed as part of the Tax Cuts and Jobs Act, but corporate AMT credits were made available as refundable credits over several years, ending in

2021. The provision accelerates the ability for companies to recover those AMT credits, permitting companies to claim a refund now and obtain additional cash flow during the COVID-19 emergency.

**Modification of limitation on business interest**

The provision temporarily increases the amount of interest expense businesses are allowed to deduct on their tax returns, by increasing the 30-percent limitation to 50 percent of the taxable income for 2019 and 2020. As businesses look to weather the storm of the current crisis, this provision will allow them to increase liquidity with a reduced cost of capital, so that they are able to continue operations and keep employees on payroll.

**Technical amendment regarding qualified improvement property**

The provision enables businesses, especially in the hospitality industry, to immediately write off costs associated with improving facilities instead of having to depreciate those improvements over the 39-year life of the building. The provision, which corrects an error in the Tax Cuts and Jobs Act, not only increases companies' access to cash flow by allowing them to amend a prior year return, but also incentivizes them to continue to invest in improvements as the country recovers from the COVID-19 emergency.

**Installments not to prevent credit or refund of overpayments or increase estimated taxes**

Section 965, the one-time repatriation toll charge, imposed a tax on the untaxed foreign earnings of U.S. companies in 2017. Companies had the option to pay the tax up front, or in installments over eight years. Some companies overpaid their 2017 taxes as a result of Section 965, but were unable to claim a refund of those taxes due to an interaction with the rules for electing installment payments. This provision, which corrects an error in the Tax Cuts and Jobs Act, allows companies to recover the overpayment of taxes paid on the toll charge to help with liquidity during the current crisis.

**Restoration of limitation on downward attribution of stock ownership in applying constructive ownership rules**

This technical correction addresses the tax treatment of certain foreign subsidiaries resulting from changes made by the Tax Cuts and Jobs Act, which changed the ownership requirements for foreign entities that are subject to U.S. tax. The goal in changing these ownership rules was to target certain abusive transactions. However, the changes had the unintended consequence of subjecting some foreign entities to excessive tax and reporting requirements. The provision clarifies that certain foreign subsidiaries should not be subject to those requirements, which will permit companies to amend their 2018 tax return to free up critical cash for operations and payroll and significantly reduce their tax compliance burdens this year.