Recovery Rebates
The CARES Act provides a fully refundable tax credit to individuals and families of up to $1200 per individual ($2400 per couple) and $500 for each child under the age of 17. The credit will be reduced by $5 for every $100 of income to the extent a person’s income exceeds $75,000 if filing as single, $112,500 if filing as head of household, and $150,000 if filing jointly. The payments will be made automatically by the Treasury Department for those that filed tax returns in 2018 or 2019. If direct deposit information has been provided to the IRS, the payments will be deposited electronically into taxpayers’ accounts. The IRS has developed a web-based portal for taxpayers who have not provided direct deposit information to the IRS in the past to provide their direct deposit information. Otherwise, it is expected that paper checks will be issued. Certain individuals who do not file will be required to file a “simple” tax return with the IRS. Social Security (Old-Age, Survivors, and Disability Insurance) SSI and VA beneficiaries who do not file tax returns will receive automatic payments based on information compiled by the Social Security Administration and the VA. To track your payment and to submit direct deposit information, visit https://www.irs.gov/coronavirus.

Special Rules Retirement Funds
The CARES Act allows taxpayers to take “coronavirus-related” distributions from their tax-favored retirement accounts without being subject to the 10 percent early withdrawal penalty. The aggregate amount of distributions cannot exceed $100,000 per taxable year. Income attributable to the withdrawal would be subject to tax over a three-year period. The withdrawal can also be repaid over three years without regard to the cap on contributions. The loan limitations are also liberalized for coronavirus-related relief. In addition, the minimum distribution requirements are waived for 2020.

Partial Above-the-Line Charitable Contribution Deduction
The CARES Act provides an above-the-line deduction of up to $300 for cash contributions to charitable organizations in 2020. This deduction is available only if the taxpayer claims the standard deduction.

Modifications of Limitations on Charitable Contributions for 2020
The CARES Act relaxes the adjusted gross income limitations on charitable contributions, by eliminating the 60 percent cap on individual contributions, and increasing the corporate cap and the cap on donations of food inventory.

Exclusion for Certain Employer Payments of Student Loans
The CARES Act expands the definition of employer-provided educational assistance that is excluded from an employee’s income to include an employer paying student loan debt. Under present law, this assistance is capped at $5,250 in a taxable year. The provision is effective for student loan debt paid before January 1, 2021.
Allowing for Telehealth Services Below the Deductible for High-Deductible Health Plans
The CARES Act allows a high-deductible health plan (HDHP) with a health savings account (HSA) to cover telehealth services prior to a patient reaching the deductible, increasing access for patients who may have the COVID-19 virus and protecting other patients from potential exposure, for those plan years beginning on or before December 31, 2021.

Over-the-Counter Medication and Menstrual Care for Health-Related Tax Accounts
The CARES Act allows distributions for over-the-counter medication and menstrual care products from health savings accounts, medical savings accounts, health flexible spending accounts, and health reimbursement arrangements.

Unemployment Insurance
The expanded unemployment insurance (UI) program allocates $260 billion to provide a $600 per week increase for every recipient, totaling 100% wage replacement for four months, with provisions that incentivize states to eliminate waiting periods. The CARES Act includes a temporary UI program for part-time, self-employed, gig economy, and other workers excluded from regular UI through December 31, 2020 and 13 additional weeks of unemployment benefits through December 31, 2020. The bill provides federal funding for states to waive waiting weeks through December 31, 2020 and funding for existing Short-Term Compensation (STC) programs, 50% federal funding for states beginning STC programs, and $100 million in grants to states through December 31, 2020. Visit the New Jersey Department of Labor and Workforce Development website to learn more.

Questions can be answered by calling Congressman Pascrell’s Paterson office at (973) 523-5152 and Washington, D.C. office at (202) 225-5751. Stay updated by following Congressman Pascrell online @BillPascrell facebook.com/pascrell pascrell.house.gov