

DICOCCO & ASSOCIATES INC

Coronavirus Aid, Relief & Economic Security (CARES) ACT Individual Income Tax Effects

Extended tax filing and payment deadlines: Taxpayers normally required to file tax returns and remit income taxes by April 15, 2020 have an automatic extension to file and remit taxes without interest or penalty to July 15, 2020. The automatic extension applies to individual, corporate, and fiduciary taxpayers with an original filing due date of April 15, 2020. This also applies to 1st quarter 2020 estimated taxes due on April 15, 2020. The gift tax return due date has also been extended.

Contributions to 2019 IRA and HSA plans: 2019 contributions to Traditional and Roth IRAs and Health Savings Accounts that are tied to tax return due dates have been extended to July 15, 2020.

Recovery Rebates: Taxpayers will receive an advanced 2020 tax credit of \$1,200 for single taxpayers and \$2,400 for joint filers, plus \$500 for each qualifying child. The credit begins to phase out at AGI above \$150,000 (joint), \$112,500 (head of household) and \$75,000 other individuals.

Retirement plans:

- Taxpayers can take up to \$100,000 in corona-virus related distributions without being subject to the 10% early withdrawal penalty up until December 31, 2020. These distributions may be repaid over three years or recognized in income over three years.
- Amount of loans allowed from qualified plans has increased from \$50,000 to \$100,000 if taken within 180 days from March 27, 2020.
- 2020 required minimum distribution (RMD) rules are temporarily suspended.

Charitable contributions: Normal 60% AGI limitations on charitable contributions have been suspended for 2020. A \$300 above-the-line deduction has been allowed for taxpayers that don't itemize their deductions.