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Tax and Employee Benefits Provisions of the CARES Act

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The Coronavirus Aid, Relief, and Economic Security Act (the "Act") contains numerous provisions, intended to stimulate the economy, which will impact tax liability and compliance for individuals and businesses. Some of the important provisions are highlighted below. There are many additional provisions in this legislation impacting taxpayers and the below summary is subject to change pending final legislation.

General Rebate for U.S. Residents. A rebate in an amount up to \$1,200 (\$2,400 for a married couple) will be sent to each U.S. resident individual whose adjusted gross income does not exceed \$75,000 (\$150,000 for a married couple), who is not a dependent of another taxpayer, and who has a work-eligible Social Security Number. In addition, these people are eligible for an additional \$500 rebate per child. This rebate is available even if the potential recipient has no income or whose income is attributable to non-taxable sources, such as SSI benefits. The rebate amount is reduced by \$5 for each \$100 that a taxpayer's income exceeds the threshold, so that no rebate will be provided to a single filer whose income exceeds \$99,000, \$146,500 for head of household filers with one child, and \$198,000 for joint filers with no children. For most people, no action will be required to receive the rebate: the IRS will issue it using the information on the taxpayer's 2019 federal income tax return, if filed, or, if not filed, on his or her 2018 return.

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