



Congress Passes the American Rescue Plan Act

Today the House passed the American Rescue Plan Act (ARP Act) of 2021 (the stimulus package) with the amendments passed by the Senate, and the Act is expected to be quickly signed by the President. Below are some highlights of the ARP Act:

\$1,400 per person stimulus payments for taxpayers and dependents.

- This begins to phase-out at \$75,000 (single) or \$150,000 (married filing jointly)
- Payments are expected to begin being sent out later this month
- If you qualify for this based on your 2020 return which hasn't been filed, the IRS will send out the payment later in the year when the return is filed.

\$10,200 exclusion of unemployment income

- Retroactive for 2020 tax year
- Only applies if adjusted gross income in 2020 is under \$150,000. This is a "cliff" with no phase-out
- The IRS and software will need to release updates on how to file a 2020 return with this exclusion. Currently a return can't be filed claiming this exclusion.

Expanded Child Tax Credit

- Change for 2021 tax year
- IRS will send out payments later in the year for half the expected 2021 credit
- This begins to phase-out at \$75,000 (single) or \$150,000 (married filing jointly)

Student Loan Forgiveness

- The Act does not forgive student loans
- The Act does allow forgiveness of student loans by the lender to be excluded from taxable income.

Extension of Family and Sick Leave Credits

- The credit for paid leave for employees affected by COVID-19 has been extended to 9/30/21
- Please see prior newsletters on what qualifies for the FFCRA Credit.

Extension of the Employee Retention Credit

- The ERC has been extended to 12/31/21
- We are not currently calculating any 2021 credits. We will provide more information in the future if this will apply.

Please continue to send us information related to your 2020 tax filings. We will provide updated information on this legislation as additional guidance is issued.

Stay safe and healthy,

Rosen & Associates, LLP



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