

MOORMAN, HARTING & COMPANY



Certified Public Accountants

815 West Main St.
P.O. Box 86
Coldwater, OH 45828
Ph: (419) 678-4814
Fax: (419) 678-2752

531 East Market St.
Celina, OH 45822
Ph: (419) 586-6618
Fax: (419) 586-8812

Individual Provisions of the CARES Act

Individual Recovery Rebates

The CARES Act provides for the issue of rebates of up to \$1,200 for single filers and \$2,400 for joint filers. In addition, these payments will be increased by \$500 for each dependent child under the age of 17 reported on a tax return.

Eligibility

All single filers with income less than \$75,000 and joint filers with income less than \$150,000 are eligible to receive the full payment. The amount of the payment will be phased out prorate for taxpayers with income in excess of these thresholds. These payments will be completely phased out for taxpayers with incomes in excess of \$99,000 (single) or \$198,000 (joint).

How Do I Register to Receive These Rebates?

All individuals who previously filed a tax return in 2018 or 2019 with income below the applicable thresholds will automatically receive these payments. In addition, any individual who was not required to file a tax return in 2018 or 2019 but is receiving Social Security distributions, will also automatically receive these rebates.

How Will These Rebates Be Disbursed?

Taxpayers for which the IRS has bank account information (either from direct deposit of federal tax refunds or Social Security benefits) will receive the check via direct deposit. All other eligible taxpayers will have a check mailed to the address of record on their most recently filed income tax return.

When Will These Rebates Be Disbursed?

Taxpayers for which the IRS has bank account information are expected to receive their rebate in the next 2-3 weeks. Taxpayers who will receive their payment via the mail may have to wait longer.

Do I Need to File My 2019 Tax Return Immediately to Get A Rebate?

For many people, it will not matter whether they have already filed their 2019 tax return as they would receive the same payment based on their previously filed 2018 return. However, for taxpayers who reported income below the phase-out threshold in 2018, but had an increase in income in 2019 that would lead to a phase-out of the rebate, it may be better to wait to file the 2019 return. On the other hand, if the taxpayer's rebate would have been subject to phase-out based on their 2018 income tax return, but the taxpayer earned less income in 2019, it may be wise to file the 2019 return as soon as possible.

What If I Moved in 2019 and Have Not Yet Filed My 2019 Tax Return

If the IRS does not have direct deposit information for you, you will want to either file your 2019 tax return as soon as possible, or else file Form 8822 to notify the IRS of your new address. Otherwise, the check may be mailed to your old address.

Waiver of 10% Additional Tax for COVID-19 Related Retirement Plan Distributions

The 10% early withdrawal penalty from qualified retirement accounts is waived for distributions up to \$100,000. To be qualified, the distribution must be made to:

- An individual who is diagnosed with COVID-19 or
- Has a spouse or dependent who has been diagnosed with COVID-19 or
- 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

In addition to the waiver of the penalty, the taxpayer is permitted to pay the income tax attributable to the COVID-19 related distribution over three years. As an alternative, the taxpayer may recontribute the funds withdrawn within 3 years without regard to that year's limit on contributions

Waiver of Required Minimum Distributions for 2020

The Required Minimum Distribution rules for certain IRAs and qualified plans are waived for 2020. RMDs for individuals who turned 70 ½ in 2019 and are required to take a distribution by April 1st of 2020 are also covered by this waiver.

\$300 Above the Line Charitable Contribution Deduction

For 2020, there will also be an above the line deduction for charitable contributions up to \$300. It will not be necessary to itemize deductions to take advantage of this provision. However, charitable contributions to private foundations and donor advised funds are not eligible for the above the line deduction.

New Limitations on Individual Cash Charitable Contributions during 2020

Qualified cash contributions made during the 2020 calendar year are allowed as a deduction to the extent that such contributions do not exceed the taxpayer's adjusted gross income.