

[Federal Tax Day - Current, C.1, Senate Approves Bipartisan CARES Act; House Vote Expected Friday, \(Mar. 27, 2020\)](#)

Federal Tax Day - Current

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The Senate cleared the bipartisan Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748), by a 96-to-0 vote late on March 25. The House is expected to vote and quickly pass the massive, \$2 trillion tax and spending package on March 27. President Trump has signaled that he will sign the measure once it reaches his desk.

Generally, the following individual and business tax-related provisions are included in what lawmakers have dubbed the "phase three" COVID-19 emergency relief package:

- Direct cash payments of up to \$1,200 for certain individual taxpayers and \$2,400 for certain married couples filing jointly; those amounts would increase by \$500 for every eligible child;
- The 10-percent early withdrawal penalty is waived for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes;
- Payments delayed for employer-side payroll taxes;
- The taxable income limit is eliminated for certain net operating losses (NOL) and businesses and individuals can carry back NOLs arising in 2018, 2019, and 2020 to the last five tax years;
- Excess business loss rules suspended under [section 461\(l\)](#);
- Refunds accelerated of previously generated corporate AMT credits;
- Forgivable loans to small businesses that retain their employees throughout this crisis;
- Temporarily enact provisions of the bipartisan Employer Participation in Repayment Act, which would allow employers to contribute up to \$5,250 tax-free to help pay down their employees' student loans; and
- Various technical corrections to the Tax Cuts and Jobs Act (TCJA) ([P.L. 115-97](#)), including the so-called retail glitch.

JCT

The Joint Committee on Taxation (JCT) released its much-anticipated cost estimate of the CARES Act on March 26, [JCX- 11-20](#). According to the JCT report, the tax provisions under H.R. 748, as currently written, will cost \$591 billion over a 10-year budget window.

“Will This be Enough?”

"After days of struggling through the current hyper-partisan political environment as well as the practical and direct impact of the coronavirus on both members and staff, Congress is on the brink of responding to an unprecedented crisis with unprecedented economic stimulus and relief," Ray Beeman, principal and co-leader of the Washington Council practice of Ernst & Young (EY) LLP told Wolters Kluwer on March 26 in an emailed statement. Prior to joining EY, Beeman served as tax counsel in the House Ways and Means Committee as well as legislation counsel for the Joint Committee on Taxation (JCT). "Just as the coronavirus has touched all corners of the country, this legislation will be felt throughout the economy," Beeman added. "The legislation provides \$2 trillion of direct assistance but, importantly, also unlocks additional assistance from the Fed that could amount to as much as \$4 trillion or more. The question now is, will this be enough?"

Phase Four

Looking ahead, House Democrats are already discussing a "phase four" economic relief measure in response to the COVID-19 health emergency. "This is not going to be the last bill," House Speaker Nancy Pelosi, D-Calif., said this week, adding that she expects the House to take the lead on the next measure.

However, House Minority Leader Kevin McCarthy, R-Calif., told reporters on March 26 that Congress should have more information on how the first three phases of economic relief packages are working before creating another. "Let's not make that decision without allowing these bills to be put into the economy," McCarthy said.

A section-by-section summary of the tax-related and unemployment provisions of the CARES Act can be located [here](#).

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