



American Rescue Plan Act Of 2021

Getting you the answers to the many questions related to Covid-19 and its impact to you is our first priority. Things continue to evolve and change very rapidly, but please know that our team is working as quickly as possible to understand all that is taking place and going to the source for the answers. Our goal is to get you answers and information that is in **your** best interest and not get waylaid with distractions. Below are the most recent questions we have been fielding.

Yesterday, the President signed the American Rescue Plan Act (ARPA 2021) – the 1.9 trillion-dollar COVID-Relief bill that Congress has been working on of late. Here are a few relevant highlights from this massive Act:

Additional Individual Stimulus Payments for Taxpayers and certain Dependents: Round three of Stimulus payments are coming soon. This time they will be \$1,400 for each taxpayer and qualified dependent:

- Phase-out of eligibility begins at \$150,000 on a joint return and \$75,000 single
- Payments are expected to begin toward the end of the month
- If you do not qualify based on your 2019 return but do qualify based on your 2020 return – the IRS will send your payment later in the year after your 2020 tax return has been processed

Expanded Child Tax Credit: This credit which has been with us at elevated income levels for a few years (phase-out at \$400,000 joint return and \$200,000 single) has an add-on for 2021. For those taxpayers with qualified dependent(s) and under the lower Adjusted Gross Income phase-out range noted above under Stimulus Payments, will qualify for an even larger credit.

- The “expansion” credit for 2021 has phase-out ranges of \$150,000 (joint) and \$75,000 (single)
- If you do not qualify for the expansion you can still qualify for the “regular” Child Tax Credit subject to the \$400,000/\$200,000 income phase-out levels noted above
- For 2020 the full credit is available for dependents up to age 16. For 2021 this is expanded to include dependents up to age 17.
- The Internal Revenue Service expects to begin sending payments later in the year based on 2020 returns despite the fact this is a 2021 tax credit

Unemployment Exclusion: This is a retroactive exclusion that applies to your 2020 return if you qualify. If you do qualify and have already filed, an amended return will be required (when tax software catches up with this brand-new law).

- To qualify, your 2020 Adjusted Gross Income must not exceed a \$150,000 “cliff”. This is regardless of joint or single filing.
- The exclusion is \$10,200 per person; so married filing joint taxpayers can qualify for \$10,200 each. Unfortunately, the combined income on a joint return is still subject to the \$150,000 amount.

Student Loan Forgiveness – Tax Free: This Act does not wipe out any student debt. It simply indicates that in most cases where there is forgiveness at some point, the forgiven amount will be exempt from taxation; which overrides the general rule that forgiven indebtedness is subject to taxation unless there is a specific exemption.

Extension of FFCRA – Family and Sick Leave Credits. This credit aimed at employers who have employees out due to certain Covid-19 related issues has been extended to September 30, 2021.

- You can find details regarding what and how to qualify for this credit on our [website](#) – just click the Red Banner “COVID-19 News and Updates” and scroll down a few lines and look for FFCRA in the title.

Extension of Employee Retention Credit (ERC). The ERC has been extended to December 31, 2021. This is a credit that was available in 2020 at as much as \$5,000 per employee if you had a 2020 quarter where receipts (collections) compared to 2019 were down more than 50%. It is unlikely that dentists will qualify for this credit in 2021 where it has been expanded and increased.

- As noted in detail on our recently posted FAQ, the original CARES Act did not allow a person to qualify for both the PPP Loan and ERC. That rule was changed in December of 2020.
- Dental Group will be rolling out a service in May to assist with obtaining retroactive Employee Retention Credits to the extent available for those who can qualify under the less than 50% rule noted above.

Premium Tax Credit – Insurance Purchased on the Exchange: If you received a premium credit in 2020 and based upon your 2020 tax return you owe an Excess Premium, the requirement to pay it back through your tax return is waived for 2020.

PPP Loan Funding Expanded but Not Extended:

- An additional \$7.25 billion has been allocated to PPP Loan funding
- The deadline for applying; March 31, 2021, has not been extended; however, we are aware that there is bipartisan agreement in the house to extend the PPP through June 30, 2021 and legislation could be pushed through quickly.

Dental Group, LLC - We continue to work both in the office and remotely. Our meetings will be done via teleconference and or online collaboration. If you plan to drop off documents, please call ahead to coordinate a time when we will be in the office as there is no safe place to leave documents at the door.

If you have any questions, please do not hesitate to contact us directly at (425) 216-1612.