

AMERICAN RESCUE PLAN ACT OF 2021

KEY TAX PROVISIONS FOR INDIVIDUAL TAXPAYERS

ECONOMIC IMPACT PAYMENTS (STIMULUS)

Tax-free payments up to \$1,400 per person (including dependents of all ages) will be issued if your 2019 or 2020 adjusted gross income (AGI) is below \$80K (Single, MFS), \$120K (HOH), & \$160K (MFJ). If your initial payment is based on your higher 2019 AGI and your 2020 return shows a lower AGI, you will receive a top off payment for the additional amount by 14 July 2021. Excess payments do not need to be repaid.



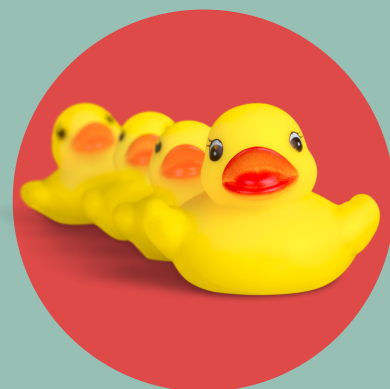
TAX-FREE UNEMPLOYMENT BENEFITS

For tax year 2020 (current year), if your modified adjusted gross income MAGI is less than \$150K, the first \$10,200 of unemployment benefits are tax-free. The \$150K limitation applies to all filing statuses. It may be beneficial for some taxpayers to file MFS this year.



CHILD TAX CREDIT (CTC)

For tax year 2021 (next year) the CTC increases to \$3,600 per child ages 5 and under and \$3,000 per child ages 6 - 17. Generally, 50% of your credit will be given to you in advance from July - Dec 2021. The IRS will create an online portal for taxpayers to opt out or update their information. The CTC claimed on your 2021 tax return will be reduced by any advanced payments you received and excess payments have to be paid back.



DEPENDENT CARE EXPENSE CREDIT

For tax year 2021 only (next year), the dollar limit increases to \$8,000 for 1 child and \$16,000 for 2 or more children. The maximum rate increases to 50% if your AGI is less than \$125K. Also, for tax year 2021 only, your max employer FSA dependent care benefit increases to \$10,500. It may be wiser to utilize the higher dependent care expense credit and not your FSA for 2021.



STUDENT LOAN FORGIVENESS EXCLUSION

For tax years 2021 through 2025, any discharge of student loan debt for any reason (including private student loans) may be excluded from taxable income, as long as there is no requirement for you to provide services to the discharging lender. The exclusion has not changed for those who work in certain professions for a certain period of time or in the case of death or disability of the borrower (including VA disability).

